

26TH ANNUAL REPORT 2020/21



NMB BANK
एनएमबि बैंक

समृद्ध नेपालको लागि



Bank of the Year, ASIA 2021

Bank of the Year, Nepal
2017, 2018, 2020 & 2021

• Board of Directors •



Pawan Kumar Golyan
Chairman

(On behalf of Promoter's Shareholder)



Nico Pijl
Director

(On behalf of FMO Promoter's Shareholder)



Jeevan Kumar Katwal
Director

(On behalf of Employees Provident Fund Promoter's Shareholder)



Yogendra Lal Pradhan
Director

(On behalf of Public Shareholder)



Uttam Bhlon
Director

(On behalf of Public Shareholder)



Shirish Kumar Murarka
Director

(On behalf of Public Shareholder)



Pramod Kumar Dahal
Company Secretary

**NMB BANK****एनएमबी बैंक**

समृद्ध नेपालको लागि

Representative (Proxy) Form

The Board of Directors

Date:

NMB Bank Ltd.,

Subject: Appointment of Representative

Dear Sir,

I/We, resident of
 district rural/metro/sub-metro/municipality ward number being a Shareholder of NMB Bank Ltd.
 hereby appoint Mr./Ms. resident of district
 rural/metro/sub-metro/ municipality ward number as my/our proxy/authorize to represent/vote on
 my/our behalf at the 26th Annual General Meeting being held on Thursday, January 6, 2022.

Appointed Representative:

Applicant:

Signature Specimen:

Signature:

Shareholder No. / Demat Account No.:

Full Name:

Address:

Shareholder Number:

Demat Account Number:

Share Quantity:

P.S. This application must be submitted to the registered office of the Bank at least 48 hours prior to the commencement of Annual General Meeting. The representative (proxy) form shall be cancelled in case more than one representative name is found to be mentioned.

**NMB BANK****एनएमबी बैंक**

समृद्ध नेपालको लागि

Entrance

NMB Bank Ltd.,

Babarmahal, Kathmandu

Issued to participate in 26th Annual General Meeting

Shareholder's Name :

Total Share No.:

Shareholder's Introduction/BOID No.:

Shareholder's Signature:



 Company Secretary

Note: Representative are requested to bring this card along with him/her to participate in the meeting.

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Notice about 26th Annual General Meeting

The 428th Board Meeting of the Bank held on 29 November 2021, has decided to conduct 26th Annual General Meeting in the following date, venue and time to discuss upon the following agenda. This notice is published to inform all our esteemed shareholders regarding the Annual General Meeting as per Clause 67 of Company Act, 2006.

1. Date, Venue and Time of the Annual General Meeting

Date : Thursday, 6 January, 2022
Venue : Tribhuvan Army Officer's Club, Tundikhel, Kathmandu
Time : 10:30 A.M.

2. Agenda of the Meeting

A. General Agenda

- To approve the annual report of FY 2020/21 presented by the Board of Directors,
- To approve the Auditor's report for FY 2020/21 including Balance Sheet, Profit & Loss Statement, Cash Flow Statement, and other financial reports (including consolidated financial details of subsidiary companies- NMB Capital Limited, and NMB Laghubitta Bittiya Sanstha Limited),
- To appoint and decide upon the remuneration of the Auditor for fiscal year 2020/21 in compliance with the Clause 111 of Company Act, 2006 and Clause 63 of Bank and Financial Institution Act 2016, (existing Auditor MS. Dev Associates, and KMU and Associates, Chartered Accountants jointly are eligible for reappointment)
- To approve the distribution of 3.30 percent cash dividend (including tax on bonus and cash dividend) amounting NPR 538,756,708.14 on the existing paid-up capital of NPR 16,325,960,852.66 as proposed by the Board of Directors.

B. Special Agenda

- To approve the increment in the existing issued capital of the Bank from NPR 16,325,960,852.66 (in words: Rupees Sixteen Billion Three Hundred Twenty Five Million Nine Hundred Sixty Thousand Eight Hundred Fifty Two and 66/100 only) to NPR 18,366,705,959.24 (in words: Rupees Eighteen Billion Three Hundred Sixty Six Million Seven Hundred Five Thousand Nine Hundred Fifty Nine and 24/100 only),
- To approve the distribution of 12.50 percent bonus share of existing paid-up capital amounting to NPR 2,040,745,106.58 (in words: Rupees Two Billion Forty Million Seven Hundred Forty Five Thousand One Hundred Six and 58/100 only) to adjust the effect of proposed increment in issued capital,
- To approve the amendments of Section 6 (b), and (c) of the Memorandum of Association of the Bank after the issuance of bonus shares,
- To approve the amendment of Article 32.1.b.i of the Articles of Association of the Bank,
- To provide authority to the Board of Directors or provide power of attorney to the designated authority by the Board of Directors to carry out or cause to carry out tasks related to amendment in the Memorandum of Association and Article of Association of the Bank such as record keeping, making minor changes, certification of the documents, registration and receipt of acknowledgement of the record.

C. Miscellaneous

By Order
Company Secretary

Notice about 26th Annual General Meeting

Additional Information about the Annual General Meeting (AGM)

- Share register shall remain closed on 2078/09/05 B.S. (20/12/2021 A.D.) for the purpose of this AGM. Shareholders registered in the shareholders register book because of the transactions conducted in Nepal Stock Exchange before 20 December 2021 can participate in the AGM, cast vote, and are entitled to receive bonus share and cash dividend.
- Shareholders are requested to contact the headoffice of the Bank at Babarmahal, Kathmandu to receive information related to the Annual General Meeting including Board of Directors' Report if required. Further, all the details are also kept on the Bank's website www.nmbbanknepal.com.np
- Shareholders attending the AGM must be present in the AGM venue and sign the attendance register that will be made available from 9:30 A.M. onwards. The shareholders interested in participating at the AGM are required to bring either an original copy of Share Certificate or Demat account details and original document(s) proving their identity along with them.
- Due to contagious Covid 19 coronavirus, the shareholders are requested to attend the meeting using masks, gloves, and other necessary safety measures. In case of the restrictions imposed by the concerned authority to prevent the spread of Covid 19, arrangements shall be made for the shareholders to attend the meeting through video conferencing (virtual) technology.
- Shareholders willing to nominate proxy to attend the AGM, shall register proxy form at the Bank's head office Babarmahal, Kathmandu, at least 48 hours before the AGM commences.
- Only existing shareholders of the Bank shall be nominated proxy.
- In case of minor or insane shareholders, person registered as his/her guardian in the share register book shall be entitled to take part or appoint a proxy in the AGM. In case of joint shareholdings, only the unanimously selected representative or the partner whose name appears first in the serial order of the share register book can attend the AGM.
- Any issue or query raised in the AGM shall be responded by Chairman or any other dignitaries as permitted by the Chairman.
- If any shareholder has any issues or queries about the Bank, shareholders are requested to send it in writing to the Bank's registered office at least 7 days before the AGM commences. However, such issues or queries will not be tabled for discussion as agenda in the AGM.
- The shareholders participating in the AGM are requested to carry only the documents related to the meeting and avoid carrying bags or other materials.

NOTE: For shareholders' convenience, Annual Report has been uploaded in Bank's website (<https://www.nmbbanknepal.com.np>) wherein shareholders can browse and access the report online.

Chairman's Statement

On behalf of the Board of Directors, I take this opportunity to express my sincere gratitude and warm welcome to all the esteemed shareholders, representatives from regulatory bodies, auditor, legal advisors, distinguished invitees, journalists, ladies and gentlemen to the 26th Annual General Meeting of NMB Bank Limited.

I am honored to be present amongst the shareholders whose faith and support has enabled the Bank move towards continuous progress for the last 26 years. I take this opportunity to assure everyone that through this support and cooperation of our shareholders and well-wishers, the Bank will continue its journey towards steady and sustainable progress in the future as well.

It is well-known that NMB Bank Ltd., commenced unified operations post-acquisition of erstwhile Kanchan Development Bank Ltd. from August 23, 2020. Currently, the Bank has been providing service to its customers through 201 branches, 9 extension counter, and 138 ATMs across the country.



The global pandemic of COVID-19 has caused difficulties to the overall industries, businesses, and banking sector of the country. However, the policies adopted by the regulatory body to safeguard the economy has brought some relief to the business sector. Despite the mounting challenges to the economy due to COVID-19, the Bank has managed to scale up its business and achieve good financial results during the review period. During the review year, the Bank's deposits increased to NPR 166.45 Billion, while loans and advances grew to NPR 158.04 Billion i.e. a growth of 23.47% in deposits and 29.78% in loans and advances as compared to previous fiscal year.

The agenda to distribute 15.80% dividend i.e. 12% bonus share and 3.50% cash dividend (including the bonus share and cash dividend tax provision) on existing paid-up capital of NPR 16,325,960,852.66 to the shareholders from reserve fund and distributable profit of the fiscal year 2020/21 is placed for approval in the Annual General Meeting.

The Bank has achieved the goals pursuant to its vision and continuously putting effort in moving ahead remaining in line with its strategic plan for achieving sustainable business expansion and profitability in the long run. The Bank has highly prioritized the balanced growth in credit and deposit, expansion of credit investment in small and medium enterprises for economic development of local communities thereby supporting country's vision of "Prosperous Nepal" along with formulation of programs and policies that emphasizes the protection of environment in its credit investments. . With the plan to expand our investment in the priority sectors and support the overall development of the country, we aspire to build on our strengths and efficacies while always striving to offer a fair return to our valued shareholders. The foreign equity partner of the Bank "Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)" has been providing technical assistance and human resource development for its overall capacity enhancement. The Bank is committed to provide fast and hassle-free service to its customers and we assure a complete honesty while moving ahead in achieving the goals of the Bank.

NMB Bank has always been at the forefront in accommodating the changes in the financial markets. The Bank has been involved in various activities with the aim of improving the financial condition of the country by exploring potential opportunities in the financial sectors in cooperation with the domestic and international organizations. Further, the Bank has also been working hard to enhance the capacity of its employees.

NMB Bank is committed to take its banking services to all walks of life for which it has been diversifying its business. The Bank has expanded its investment in industrial and agricultural sectors that contribute towards employment generation in the country to remain in line with the strategy of increasing credit investment in the productive sector. The Bank has been offering Women Entrepreneurship Loan with an objective of empowering women interested to operate own business and be self-reliant. Likewise, the Bank has also been providing various loan facilities targeted to youths returning from foreign employment as part of government's self-employment campaign.

The Bank line with its strategy of adopting sustainable banking practices has been increasing investment in business that seeks to reduce the greenhouse gas emissions thus reducing the environmental and social risks. We are confident that this initiative will enable the Bank to contribute to sustainable development goals. The debts obtained from various foreign banks and financial institutions and the support from lender groups in supporting sustainable development are testament to the Bank's sustainable initiative. Consequently, it will also support in the sustainable development of the ongoing projects in the country. This noble initiative of the Bank is honored with "Green Deal of the Year" award by Singapore based internationally renowned Asian Banking and Finance Magazine.

NMB Bank is committed to provide easy and simple banking solutions to the customers all over the country by expanding its digital services by implementing a cutting-edge technologies while ensuring digital security and privacy of its customers' data. The Bank for the first time in Nepal introduced Video Know-Your Customer (VKYC) service, artificial intelligence (AI) enabled Loan Service, and multifaceted Omni Channel platform to facilitate a true digital experience to its customers thus revolutionizing the digital journey of Nepalese banking industry. These new endeavors of the Bank in the domestic market is recognized "True Digital Initiative" by Edgever Systems Ltd., a wholly-owned subsidiary company of multinational information technology company "Infosys".

Founded in 1888 A.D., The Financial Times is a renowned institution in global financial markets that annually selects the best banks in terms of their work capability, strategy, technology and digitization, customer oriented products and services, sustainable development focus, etc. and honors one bank as "Bank of the Year" award from each country. The Financial Times on 1st December 2021, awarded the Bank for the first time in the history of Nepalese banking industry by the prestigious "Bank of the Year 2021-Asia". With this recognition as the Best Bank in Asia, the Bank has been able to strongly establish itself in the global financial markets and lead the country's financial sector in international front. Being the first bank in Nepal to receive such international feat has transformed us to be more responsible in our future endeavors. In achieving the accolade of the Best Bank in Asia for the year 2021, the Bank was also conferred as "Bank of the Year 2021-Nepal". This is the fourth time in last five years that the Bank was honored with this esteemed award. The Bank dedicates these prestigious honors to all its shareholders whose continuous suggestions and invaluable support helped the Bank to improve and strengthen.

Finally, I would like to offer my gracious appreciation to the respected shareholders, regulatory bodies, media, and customers who always show deep interest in our activities and provide generous feedback for improvement, prosperity, and progress. Likewise, my heartfelt gratitude the banks and financial institutions, other associations, Board of Directors and staff of the Bank for their invaluable support and confidence.

Thank you.

Pawan Kumar Golyan
Chairman

Date: January 6, 2022

CEO's Message

The year 2020/21 proved to be yet another challenging and eventful year for Nepalese banking industry marred by COVID-19 pandemic, and the urgent need for quick economic recovery. The Bank in this unconventional times registered overall a good performance despite the economic and health challenges. The achievements and the accolades that the Bank received during the period has yet again emboldened our journey to become the most preferred Bank in Nepal. Our persistent effort towards sustainable financing and untiring approach for digitization and governance standards was recognized with the prestigious "Bank of the Year 2021-Asia" for the first time in the history of Nepalese Banking by the Financial Times, London.



Our Performance

- The Bank during the review fiscal year recorded a sound financial performance with a consistent balance sheet growth, profitability well above the industry average, capital adequacy within the threshold prescribed by the central bank of Nepal, and promising other key financial indicators signifying a healthy growth despite the difficult conditions imposed by COVID-19.
- Along with its financial performance, the Bank was also able to create differentiation in the market by focusing more on sustainable banking practices.
- The Bank for its green and sustainable endeavours was awarded by "Green Deal of the Year-2021" by Singapore based Asian Banking and Finance Magazine.

External Business Environment/Outlook

- The national economy in the aftermath of COVID-19 registered a 4.01% GDP growth during the fiscal year 2020/21 after a contraction of 2.09% in the preceding fiscal year.
- Amid the quickly recovering economy and the recent endorsement of the proposal by The United Nations General Assembly to graduate Nepal to the status of a middle-income country from the category of Least Developed Country by 2026, we see endless possibilities in the country to live up to the expectations of becoming a middle-income nation by the stipulated timeframe.
- Whilst the country is moving towards larger economy, the banking industry is frequently overshadowed by volatility in liquidity resulting to a mismatch in deposit mobilization and credit demand, thus creating a funding gap in the market.
- The variability in financial market is also attributed by the insufficient internal resources and/or lack of optimum resource utilization per se.
- The ongoing and frequent liquidity crisis & fluid political situation is expected to pose a downside risk to an overall economic growth.
- The country in the first few months of the running fiscal year has already observed a pressure in key macro indicators where widening trade deficit due to rapidly increasing input volume, stagnant remittance, and an increasing trend in inflation are key causes of concern.
- The overall liquidity situation of the country is expected to remain tight in the short run.
- To address the liquidity problem in the long-run, the banking sector needs to focus on structural issues such as balancing assets liability mismatch, diversify the liability sources, develop bond market, and create a local hedging market.

Our Response to COVID-19

- Although the threat of COVID-19 is still lurking around with different recurring variants creating havoc globally, the Bank has been successful in building the resilience against COVID-19 crisis with the challenges effectively being managed so far.
- We innovate to seize the opportunities within the challenges posed by the COVID-19 especially in digital banking space to provide alternate digital channels to stay connected with our customers during pandemic and thereafter.
- In the times of unprecedented change and an era that demands persistent customer-centric innovation, the Bank's drive to embrace innovative business models, and drive customer-centric

value streams was recognized by Edgeverve, India with the award of “Customer Journey Reimagination” during Infosys Finacle Innovation Awards 2021.

- The Bank to ensure an uninterrupted essential services to public effectively implemented Business Continuity Plan (BCP) with health and safety of all the stakeholders at the topmost priority.
- Various health safety measures were adopted to secure the well-being of bank's staff and their families during the trying times such as oxygen cylinders to in-house emergency patients, insurance against COVID-19, isolation facility in government approved hotels to staff, etc.
- The Bank also supported the Government of Nepal and other public institution by providing medical supplies and financial contributions to fight against COVID-19 as a part of its corporate social responsibility.
- We believe that the impact of the pandemic to our country's economy and its aftershocks post-pandemic will reecho for some years that could disorient the economy if all the sectors do not come together respecting other's existence. NMB to avoid this scenario has been wholeheartedly supporting to rebuild the economy.
- Post pandemic and the start of new normal, we felt that our customers had been facing a complex business situation and required innovative banking solutions; to address which the Bank launched various first of its kind products like video know your customer (VKYC) service, digital auto loan, and artificial intelligence (AI) based lending products.

Our Approach to Climate Change & Environmental Issues

- Nepal witnessed unpredictable torrential rains and heavy flash floods in different parts of the country with people living in Melamchi and Manang bearing a huge loss of human life and financial properties along with various incidents of glacier meltdowns in Himalayan regions during the year.
- The climate change risk has become one of the major risks for the banks as well. In order to avoid and minimize such events risk, NMB has been consistently focusing on investment in sustainable business.
- The Bank has been able to expand its business and achieve desired outcomes in terms of both financial and non-financial growth as we continue to seek sustainability and responsible banking practices in all our internal and external endeavours.
- Aligning with country's vision of self-reliant Nepal and achieving all sustainable development goals, the Bank has prioritized and focused its investments towards the upliftment of productive and real economy sectors.
- We believe that our commitment is not just towards the profit but also towards the sustainability of the backbone of the real economy including Agriculture, Energy, Tourism, and Education.
- As a joint venture of FMO Netherland and the sole member bank of Global Alliance for Banking on Values (GABV) in Nepal, NMB is the first and only Bank in the industry to bring in foreign debt from renowned international groups including International Finance Corporation (IFC), CDC Group Plc, OPEC Fund for International Development, Swiss Investment Fund for Emerging Markets (SIFEM), etc.
- With its association to such international investment and lending groups, NMB as of date is the most sought after names amongst foreign investors seeking for an investment opportunity based upon sustainability in Nepal.
- The collaboration with such international partners has not only helped us to source offshore financing in priority sectors to invest in SME, MSME, Energy and Agriculture but also has enabled us to build expertise on Environmental and Social Risk Management (ESRM), Green Financing, and Issuance of Local Power Bond.
- Through our partnership with international lending community, we see endless possibilities to unleash Nepal and grow potential in sectors like Agriculture, Energy, Tourism, etc. to cater not only to the local demand but also cater to an ever-increasing demand in South Asian region as a whole
- In our journey to become the most sustainable bank in Nepal, we extend our support to Nepal government's initiative to become net zero emission country by 2045 and increasing the share of clean energy in the country's energy demand to 15 percent as per the declaration in 26th Conference of Parties (COP26) of the UN Framework Convention on Climate Change (UNFCCC) in Glasgow, United Kingdom.
- While we understand a huge funding gap in terms of local resources availability to achieve the aforementioned climate targets, the Bank with its international networking and influence as one of the leading banks in Nepal will play a crucial role to facilitate sourcing of offshore funds to invest in climate change adaptation and mitigation, and fully cooperate by committing the investment in energy related projects.

Our Priorities

Our aim is to become the most preferred partner to our stakeholders.

- The Bank will continue to focus on sustainable business investing in initiatives to combat against climate change adaptation and mitigation.
- We will seek to fully implement ESRM policy as per the international standard so as to create an enabling environment to facilitate Foreign Direct Investments (FDIs) in the country.

- Diversification of funding sources will be ensured through issuance of green bonds, energy bonds, etc. to both domestic and international markets remaining in line with the regulatory guidelines of the central bank of Nepal.
- The Bank understands that digital engagement with its customers is imperative for its future growth and shall continue to prioritize investment for digitization of its banking products and processes to become a truly digital bank and to achieve the following:
 - Shorten the service turnaround time for customers and other stakeholders and to achieve customer delight
 - Create a strong delivery channels to reach out to large unbanked and underbanked population of Nepal to ensure financial inclusion
 - Ensure system security, data privacy, and resilience of the Bank's technology platform
- We will build the most conducive workplace environment and empower staff to become the first choice employer
- Deliver superior financial performance to ensure consistent and better return to our investors
- Ensure a high standard of corporate governance and risk management practices to build the Bank's image as a "Prudent and Trustable Bank"
- We aim to leverage on our digital capabilities and a wide range of financial products and services to create values to our customers and ensure most convenient services to them.

Amidst the market opportunities and prevailing challenges, we believe that the banking industry has lot more to deliver and grow. However, the growth will also incorporate the merger and acquisition of financial institutions as the consolidation in industry is inevitable. The increase in compliance and other regulatory costs with ever-growing challenge and need to tackle risks of money laundering and terrorism financing are also expected to push financial institutions towards consolidation. The digitalization of the services coupled with customers' growing service expectations will change the way of doing business. Understanding the unavoidable changes manifested by a paradigm shift in doing business and critically analysing each behavioural change, NMB is all poised to set the standards and seize every opportunity in the market.

I humbly believe that our year-on-year success is the key-result of all the hard works, patience and determination exerted by our staff who together truly forms the most dynamic and energetic team force. I would like to extend my sincere gratitude to FMO and all our foreign partners. I also take this opportunity to personally extend my heartfelt thanks to our Chairman Mr. Pawan Kumar Golyan and all board members for their relentless guidance in making NMB not only one of the best commercial banks of the country but making it the best bank of Asia. Finally, my sincere thanks to the esteemed shareholders, Nepal Rastra Bank, Ministry of Finance, partner organizations, Securities Board of Nepal, and all other regulatory bodies for their invaluable suggestions to our continuous improvement and business growth. With your constant trust and solidarity, we aspire to grow collectively for many years into the future.

Thank you.

Sunil K.C.
 Chief Executive Officer

Respected Shareholders,

On behalf of the Board of Directors, I extend my warm welcome and greetings to all the shareholders, representatives of various regulatory authorities, auditor, legal advisors, distinguished invitees, journalists, representatives of different institutions, and all other stakeholders for your honourable presence in the 26th Annual General meeting of NMB Bank Limited.

We trust that the Annual Report of the Bank including Statement of Financial Positions, Statement of Comprehensive Income and Statement of Cash Flow for the FY 2020/21 have been received by all. I now, with the permission of this revered Annual General Meeting, would like to present the directors report pursuant to the Company Act, 2006, Clause 109 (4), comprising of the Bank's financial progress, summary of the country's economy, challenges faced by the banking industry, and the achievements of the Bank during the review period.

1. Key Financial Performance for the Fiscal Year 2020/21

Deposit Collection: During the review year, the Bank's deposit grew by 23.47% from NPR 134.81 Billion to NPR 166.45 Billion in which the share of institutional deposit remained at 32.33%. Of the Bank's total deposit portfolio including the deposit in foreign currency during the review period, the composition of current deposit, fixed deposit, saving deposit, call deposit, and other deposit remained at 5.95%, 49.26%, 31.92%, 9.62%, and 3.25% respectively. The Bank has managed to mobilize institution deposit within the threshold as prescribed by Nepal Rastra Bank.

Loans and Advances: During the fiscal year 2020/21, the Bank grew its risk assets portfolio from NPR 121.78 Billion to NPR 158.04 Billion thereby managing a growth of 29.78% as compared to FY 2019/20. During the review period, the composition of loans disbursed by the Bank remained as following:

S.N.	Description	As on Mid-July 2021
1	Real Estate Loan	2.87%
2	Home Loan	8.08%
3	Margin Lending	2.47%
4	Term Loan	26.32%
5	Overdraft Loan	10.28%
6	Trust Receipt/Import Loan	4.61%
7	Demand and Other Working Capital Loan	17.23%
8	Hire Purchase Loan	3.25%
9	Other Loan	24.89%

As guided by Nepal Rastra Bank through its Unified Directive to sanction loan in recommended sectors, the Bank has maintained loan exposure proportions as: Energy-8.00%, Agriculture-11.10%, Tourism-3.70%, and Small and Micro Enterprises: 11.29%

- **Investment:** The Bank increased its investment by 15.97% to take its total investment portfolio of NPR 15.37 Billion in the previous year to NPR 17.83 Billion during the fiscal year 2020/21. Out of total investment, the Bank invested NPR 1.16 Billion in organizations' shares (including investment in subsidiary companies), NPR 15.46 Billion in Nepal Government Bonds and Treasury Bills, NPR 714.40 Million in Agriculture Bond and NPR 491.20 Million in Bonds of Foreign Banks.
- **Operating Expense:** During the fiscal year 2020/21, Other Operating Expenses (including fee and commission expenses) reached NPR 1.26 Billion i.e. a decrement of 1.86% from NPR 1.29 Billion in the previous fiscal year. The staff expense (excluding bonus) during the review period increased by 20.74% from NPR 1.38 Billion to NPR 1.66 Billion. The increase in operating expense however, remained within the pre-approved budget.
- **Income:** The Total Operating Income of the Bank increased by 7.45% i.e. from NPR 6.90 Billion in the previous fiscal year to NPR 7.42 Billion in the review year. During the review period, the Net profit increased by 58.29% than preceding fiscal year from NPR 1.71 Billion to NPR 2.71 Billion. The Bank during the review period witnessed an increase of 2.99% in the Net Interest Income whereby the Bank

earned NPR 5.66 Billion as compared to NPR 5.49 Billion in the last fiscal year. Foreign Exchange Income decreased by 5.22% and reached NPR 455.1 Million.

- **Capital Fund, Credit Deposit, Base Rate and Liquidity Ratio:** The Bank maintained a sound Capital Fund during the reviewed fiscal year, as a result of which the capital adequacy ratio remained at 15.08%; above the stipulated requirement of at least 11% by Nepal Rastra Bank. Likewise, the Credit to Core Capital plus Deposit (CCD) Ratio was efficiently managed and remained at 77.06%. Liquidity ratio also remained within the prescribed limit and stood at 27.52%. Base rate of the Bank at the end of review period was 7.33%.
- **Non-Performing Asset:** The increase in bad-debts due to the impact of COVID19 pandemic that had resulted to increase in NPA to 2.68% in the FY 2019/20 has been improved to 2.27% at the end of review period due to interest collection and recovery. The Bank has been focusing on debt recovery efforts and credit risk management, thus expects to reduce the NPA in future as well.
- **Debentures:** The details of the debentures issued by the Bank as of review period is per the following:

Particulars	Issued Date	Maturity Date	Interest Rate	Value (NPR in Million)
NMB Energy Bond 2036	3 June 2021	1 June 2036	4.00%	1,500
NMB Debenture 2031	25 May 2021	24 May 2031	8.50%	2,000
NMB Debenture 2029	12 April 2019	11 April 2029	10.00%	1,685

The Bank's key financial performance during the review period: (figures in thousand)

S.N.	Particulars	Fiscal Year 2020/21	Fiscal Year 2019/20	Incremental Volume	Percentage change (%)
1	Total Deposit	166,453,802	134,810,383	31,643,418	23.47
2	Total Loans and Advances	158,043,919	121,778,070	36,265,849	29.78
3	Total Investment (Including Subsidiaries)	17,826,051	15,371,244	2,454,807	15.97
4	Paid Up Capital	16,325,961	13,950,987	2,374,974	17.02
5	Capital Adequacy Ratio (%)	15.08	15.08	-	0.00

S.N.	Particulars	Fiscal Year 2020/21	Fiscal Year 2019/20	Incremental Volume	Percentage change (%)
1	Net Interest Income	5,660,659	5,496,220	164,439	2.99
2	Commission and Discount and Other Operating Income	1,529,616	1,129,735	399,881	35.40
3	Foreign Exchange Income	455,135	480,196	(25,061)	(5.22)
4	Total Operating Income	7,416,358	6,902,194	514,164	7.45
5	Total Operating Expenses (including staff expenses)	2,923,748	2,662,139	261,609	9.83
6	Operating Profit	3,821,017	2,450,274	1,370,743	55.94
7	Net Profit	2,711,074	1,712,777	998,297	58.29

- **Bank's Jurisdiction and Branch Network:** The Bank has been providing banking facilities and services to its customers through 201 branches, 9 extension counters and 138 ATMs across the country. The number of branches located in each province are as follows:

Province 1	: 30 branches
Province 2	: 27 branches
Bagmati Province	: 51 branches
Gandaki Province	: 38 branches
Lumbini Province	: 32 branches
Karnali Province	: 03 branches
Sudur Paschim Province	: 20 branches

In order to provide banking facilities at the doorstep of the people living in remote areas of the country, the Bank has been providing branchless banking services in Bhaktapur, Dolakha, Ilam, Jhapa, Kapilvastu, Kaski, Morang, Nawalpur, Ramechhap, Rasuwa, Saptari, Sunsari, and Udayapur. The Bank intends to expand its branchless banking facilities in other remote area in future as well.

- **Representative Office outside Nepal and its progress:** The Representative office established at Lebuah Pasarbesar in Kuala Lumpur, Malaysia has been assisting as a point of contact for expansion of trade and remittance business. With this establishment, the Representative office has helped to foster the growth of trade business between two countries and communicate the information on Nepalese economy and available financial services to Nepalese people in Malaysia. This office has been playing pivotal role to connect and garner the relationships with the Malaysian corporates and business houses and enhance trade businesses with other foreign establishments.

2. Impact of Domestic and World Economic Outlook On Bank's Performance

■ Global Economic Situation

- The world economy contracted by 3.2 percent in 2020 and is projected to expand by 6 percent in 2021 according to the International Monetary Fund (IMF). It was expanded by 2.8 percent in 2019.
- In 2020, the advanced economies contracted by 4.6 percent, and the emerging and developing economies contracted by 2.1 percent. The IMF, for 2021 has projected the advanced economies to expand by 5.6 percent, and emerging and developing economies to grow by 6.3 percent. The growth rate of developed economies, and emerging and developing economies stood 1.6 percent and 3.7 percent respectively in 2019.
- Among neighbouring countries, the IMF estimates the Chinese economy to have expanded by 6.0 percent in 2019 and 2.3 percent 2020. Likewise, it has estimated the Indian economy to contract by 7.3 percent in 2020 as compared to the expansion of 4.0 percent in 2019. Economic growths for China and India are projected to remain at 8.1 percent and 9.5 percent respectively in the year 2021.
- The price of petroleum products dropped by 32.7 percent in 2020. It is projected to increase by 56.6 percent in 2021.
- Revenue mobilization in most of the countries has been affected by the COVID-19. On the other hand, the increase in public expenditure has raised the ratio of public debt to gross domestic product globally. Such as ratio reached 97.3 percent in 2020 compared to 83.7 percent in 2019.

■ Domestic Economic Situation

- The path of economic development and prosperity with social justice have been obstructed by the COVID-19 pandemic as the economic activities have been largely affected by recurring waves of the virus. Though exports have improved well, there has been pressure on the balance of payments due to a widening trade deficit driven by increasing imports. Foreign exchange reserve is in a comfortable position and inflation is within the target.
- Refinancing and subsidized loan facilities, together with monetary and regulatory easing, aimed to support economic recovery by minimizing the impact of COVID-19, have expanded the flows of credit in the economy. The business operating cost has remained at a lower level even during the pandemic because of the low lending rate at a single digit.
- The recovery of the hard-hit sectors including the tourism is expected to prolong due to continuation of infection. To speed up the economic recovery by minimizing the impact of the pandemic, it is necessary to provide regulatory easing and concessions, on the other hand, likely adverse impact on financial and external sector stability needs also to be considered cautiously.

■ Overall Economic Situation

- Economic Growth
 - The Central Bureau of Statistics (CBS) has estimated the Nepalese economy to grow by 4.01 percent in FY 2020/21 compared to the contraction of 2.09 percent in FY 2019/20. However, maintaining this level of growth rate is challenging due to the second wave of the pandemic that reappeared in the fourth quarter of the year.
 - The ratio of gross domestic savings and gross national savings to GDP are estimated at 6.6 percent and 31.4 percent respectively in FY 2020/21. Such ratios were 6.3 percent and 32.6 percent respectively in the previous year.
 - The ratio of gross fixed capital formation to GDP is estimated at 27.3 percent in FY 2020/21 compared to 28.4 percent in the previous year.
 - Average consumer inflation stood 3.60 percent in FY 2020/21 compared to the target of 7.0 percent. On a y-o-y basis, inflation remained 4.19 percent in Mid-June to Mid-July 2021.
- Foreign Trade, Remittance, and Balance of Payment
 - Merchandise exports increased by 44.4 percent to NPR 141.12 Billion in FY 2020/21 and imports increased by 28.7 percent to NPR 1,539.84 Billion. Merchandise trade deficit widened by 27.3 percent in the review year. Remittance inflows increased by 9.8 percent to NPR 961.05 Billion.
 - The current account deficit and Balance of Payment (BOP) surplus stood at NPR 333.67 Billion and NPR 1.23 Billion respectively in FY 2020/21.
 - Gross foreign exchange reserves of the banking system stood NPR 1,399.03 Billion (USD 11.75 Billion) in Mid-July 2021.
 - Nepalese currency vis-à-vis the USD appreciated 1.12 percent in Mid-July 2021 with the busing rate of USD at NPR 119.04.

(Source: Monetary Policy for 2021/22, NRB)

Despite the contraction in overall economic growth following the emergence of COVID-19 in the FY 2019/20 and subsequent scenarios in the review year, the availability of vaccines and mobilization of economic sector has supported the increase in credit investment putting a pressure liquidity situation of the country. The declining inflow of remittances has also further exerted pressure on liquidity in the banking sector that could potentially impact the strategic business expansion of the bank.

3. The Board of Directors' opinion on the achievements of current fiscal year and future plans

Following are the main financial highlights of the Bank as on Mid October 2021 for the running fiscal year:

S.N.	Particulars	NPR (in Thousand)
1	Total Deposit	175,666,032
2	Total Loans and Advances	172,818,799
3	Total Investment (Including Subsidiaries)	20,924,013
4	Net Interest Income	1,422,055
5	Commission, Discount and other Operating Income	813,011
6	Foreign Exchange Income	121,045
7	Net Operating Income	2,285,835
8	Total Operating Expenses (including staff expenses)	627,122
9	Operating Income	1,470,068
10	Net Profit	1,044,437
11	Paid Up Capital	16,325,961
12	Reserves and Funds	8,658,399
13	Capital Adequacy Ratio	14.48%

Future Plans:

- The Bank shall continue to focus on sustainable banking initiatives and increase its investment in sustainable sectors as per its strategic plan. In addition, it will also align its operations and businesses to reduce greenhouse gas emissions and move towards carbon-neutrality.
- The Bank as its key strategic objective has placed top priority to the effective expansion of digital banking services and shall continue to implement modern technologies and improvise operational procedures moving ahead.
- The service standard shall be raised to provide a greater customer experience
- A balanced deposit and credit growth shall be prioritized.
- Strategies have been adopted to increase the size of retail, agricultural, and small and micro credit enterprises loan portfolio while continuing to improve the quality of credit. The bank will pay special attention to increase the credit investment in productive sector.
- The process of obtaining additional debts from foreign banks and financial institutions as per the Directives issued by Nepal Rastra Bank has been expedited for the effective management of funding sources.
- The Bank shall pay special attention to increase the transaction size of its subsidiaries.
- The existing programs conducted under the corporate social responsibility of the Bank shall be continued.

4. Industrial and Professional Relations

On the foundation of transparency and professionalism, the Bank has developed an amiable and professional relationships with all its stakeholders. The Bank firmly believes that such relationships will be pivotal for its sustainable future growth and success.

5. Changes in the Board of Directors

In the review year, Director Late Rajendra Kafle representing Employees Provident Fund retired from the service on 21 August 2020. Director Kafle was replaced by Mr. Jeevan Kumar Katwal as a representative of Employees Provident Fund and appointed as the Director of this Bank who took oath of office and secrecy on 4 September 2020. As the four-year tenure of independent Director Pradip Raj Pandey ended on 30 October 2021, the post of independent director is currently vacant.

6. Significant Issues Affecting Business

The major risks and challenges that holds the potential to significantly impact the bank in future are detailed as below:

- Impact on the income and profitability of the Bank due to contraction observed in the investment sector
- Risks inherent in the credit investments and non-funded services provided by the Bank
- Challenges in interest rates management of both deposits and loans due to volatility in liquidity situation.

- Risk due to increasing competition and lack of skilled human resources.
- Possible risks due to fluctuations in exchange rate during foreign currency transactions.
- The risks arising from the country's political and other external reasons that has impact on imports and exports resulting in non-payment of loans and interest.
- Possible risks resulting from changes in economic, monetary and fiscal policies of the nation.
- Risks resulting from the sluggishness of the international economic and financial sectors that could have a ripple effect on the Nepalese market.
- A lack of proper database and advance technology in the country to prevent money laundering.

7. Significant Observation in the Audit Report and Subsequent Response from the Board

As stated by the auditor of the Bank to mandatorily audit the amount saved from swap ratio during the merger in accordance with the "Banks and Financial Institutions Merger and Acquisition Regulations, 2073" issued by Nepal Rastra Bank, the statement of the same has been attached to this report. There is no observation mentioned in the Audit Report that could significantly affect the Bank's business.

8. Recommended Amount for Dividend Payment

With the approval of Nepal Rastra Bank, the Bank has proposed the agenda in the Annual General Meeting with recommendation for distributing 15.80 percent Dividend (12.50 percent Stock Dividend and 3.30 percent Cash Dividend including Tax) on the existing Paid Up Capital (NPR 16,325,960,852.66) of the Bank to be distributed from the capital reserves, and retained earnings to all the shareholders maintained on the date of book closure.

9. Details of Shares Forfeited by the Bank

No shares were forfeited during the review year.

10. Performance of the Company and its Subsidiaries, and Review of the Existing Status

The performance progress of the Bank is mentioned in the first section whereas the performance of its subsidiaries- namely NMB Capital and NMB Laghubitta Bittiya Sanstha are mentioned in section 25(a) of the Director's report

11. Major Changes made by the Company and its Subsidiaries Resulting to Significant Changes in the Company's Business

NMB Capital Ltd., a 100 percent subsidiary of NMB, has been acting as Share Registrar of the Bank, for the service of which the subsidiary company was paid NPR 1 Million in the review period. At the end of the review year, the bank account of NMB Capital Ltd. maintained at this bank had deposit of NPR 299.3 Million. NMB Capital was paid interest of NPR 7.41 Million by the Bank in the FY 2020/21.

An employee of the Bank has been working in the capacity of the Chief Executive Officer of the subsidiary NMB Capital Ltd. The Bank received NPR 2.58 Million as building rent and NPR 2.4 Million as administrative and other services fee from NMB Capital as per the agreement.

The deposit, loans and investments of the Bank in its subsidiary companies NMB Capital Ltd. and NMB Laghubitta Bittiya Sanstha Ltd. as on Mid-July 2021 are summarized as below:

(NPR in thousands)			
S.N.	Description	NMB Capital Ltd.	NMB Laghubitta Bittiya Sanstha
1	Investment	200,000	172,488
2	Call, Current, and Fixed Deposit	299,304	7,316
3	Loans & Advances	-	1,000,000
4	Interest Expenses in Deposit	7,413	-
5	Loan Interest Income	-	56,275
6	Office Rental by NMB Capital Ltd.	2,586	-
7	Payment against Management Service	2,400	-

S.N.	Description	NMB Capital Ltd.	NMB Laghubitta Bittiya Sanstha
8	Payment against Share Registrar Works of NMB Bank	1,000	-
9	Debenture Trustee Fee Payment to NMB Capital	100	-
10	Dividend Payment Fee to NMB Capital	1,450	-
11	NMB-50 (Seed Fund)	177,017	-
12	NMB Hybrid Fund-1 (Seed Fund)	152,619	-
13	NMB-50 Dividend Payment	8,851	-
14	NMB Hybrid Fund-1 Dividend Payment	12,210	-
15	NMB Capital Ltd. FY 2019/20 Dividend Payment	40,000	-

12. Information provided by the Basic Shareholders to the Bank

During the review period, no information was received other than the regular information to be provided as per the prevailing law.

13. Details of Share Ownership of the Directors and Officials and the Information Received by the Company in relation to their share transactions during the review period:

In the review fiscal year, none of the directors and officials have been involved in the company's stock trading. The details of their share ownership are listed below:

S.N.	Name	Designation	Share Ownership
1.	Mr. Pawan Kumar Golyan	Chairman	1,508,206
2.	Mr. Nico Klaas Gerardus Pijl (representative from FMO, Netherlands)	Director	-
3.	Mr. Jeevan Kumar Katwal (representative from Employees Provident Fund)	Director	1,365
4.	Mr. Yogendra Lal Pradhan	Director	1,488,090
5.	Mr. Uttam Bhlon	Director	197,307
6.	Mr. Shirish Kumar Murarka	Director	36,573
7.	Mr. Pradeep Raj Pandey	Independent Director	-
8.	Mr. Sunil K.C.	Chief Executive Officer	5,862
9.	Mr. Pradeep Pradhan	Chief Operating Officer	30,307
10.	Mr. Sudesh Upadhyaya	Chief Business & Strategy Officer	5,188
11.	Mr. Govind Ghimire	Chief Business Officer	-
12.	Mr. Shabnam Limbu Joshi	Chief Human Resource Officer	-
13.	Mr. Sharad Tegi Tuladhar	Chief Risk Officer	-
14.	Mr. Pramod Kumar Dahal	Chief Audit, AML/CFT & Company Secretary	361
15.	Mr. Navin Manandhar	Chief Finance Officer	-
16.	Mr. Roshan Regmi	Head-Retail Banking	-

14. Information on the Directors relatives' involvement in the Bank's contracts

Disclosure not required as there was no such agreement.

15. Details of own shares purchased by the Bank

None.

16. Internal control system

With utmost priority from the Board of Directors to safeguard the interest of the creditors, the internal control system of the Bank and its functioning have been made more effective to ensure sound and safe operation by formulating necessary rules, policies and procedures for inherent and potential risk management. Abiding by the prevailing law and directive issued by Nepal Rastra Bank, four committees viz. Audit Committee, Risk Management Committee, Assets Laundering Prevention Committee, and Human Resources Service Committee have been formulated by the Board of Directors. These committees discuss various risks in detail and updates the same to the Board of Directors. For effective risk management and prevention, various activities are being carried out at the management level of the Bank by its Management Committee, Credit Risk Committee, Assets Liability Committee, Human Resources Recruitment Committee, Information Technology Committee, and Corporate Governance Committee.

In addition, the Risk Management Department of the Bank, independently undertakes the task of effectively controlling and managing the risk along with the periodic review of the actions taken in the area of risk control. The department has significantly contributed to maintain the institutional governance at the Bank through meticulous monitoring of the activities to ensure full compliance of the prevailing law and directives issued by Nepal Rastra Bank.

Effective internal controls are the foundation of safe and sound banking therefore NMB Bank Ltd. has designed and enforced system of operational and financial internal control that safeguards bank's resources, produce reliable financial reports and comply with rules and regulations of the country. Effective internal control also reduces errors/irregularities with timely reviews and mitigations. The business strategies and the important policies as approved by the Board of Directors have been adopted by the senior management for risk management activities. The Bank has also been strengthening its internal control system by providing various types of trainings to its employees to effectively manage risks.

■ Risk Management

For agile performance through proper risk management, the Bank has prepared and implemented a robust risk management framework for identification, measurement, monitoring, management, control and reporting of the potential risks that the organization may have to face. The Board of Directors also annually reviews the approved and implemented Risk Management Framework to deal with underlying material risks of special importance to the Bank.

The Board of Directors has also been identifying the risk appetite for the Bank and the extent to which it wants to bear the risk to determine the overall risk strategy. The Board has effectively managed the risks by categorizing them into assets risk, operational risk, liquidity risk, market risk, interest rate risk, foreign exchange risk, and other risks. In addition to the management level committee, following committees have also been constituted at the Board level for risk management and effective internal control system of the Bank.

■ Committees formed at the level of Board of Directors

- Audit Committee

Details related to it are mentioned in section 18 of this Director's report

■ Risk Management Committee

A risk management committee under the coordination of a Non-Executive Director have been set up at the Bank. The coordinator of the Audit Committee has been appointed as a member of the Risk Management Committee where Head of Compliance Department and Chief Operating Officer are the members and Head of Risk Management Department is the Principal Member Secretary. The committee regularly assemble for the meeting to discuss on the risks identified by the management level risk committee, the immediate implications on the Bank's strategy including capital fund, liquidity position, credit to deposit ratio, risk appetite, etc. due to major changes in the directives issued by Nepal Rastra Bank and the changes in monetary policy. In each quarter, any potential risk in relation to the stress testing is discussed and the information is submitted to the Board of Directors for review. In the review year, the Risk Management Committee held 7 meetings accounting total expenditure of NPR 208,000.

■ Human Resources (HR) Service Committee

Under the coordination of one Non-Executive Director, HR Service Committee has been constituted from 20 December 2020 consisting of another Board Director as member. The committee also consists of the Chief Executive Officer, and the Chief Finance Officer as members, and Chief Human Resources Officer as the Member Secretary. Bylaws on the service provision of the employees, policies related to the employees and succession planning, employees' salary allowance and organizational structure are discussed in this committee. In the review year, the HR Service Committee held 10 meetings accounting total expenditure of NPR 176,000.

■ Assets Laundering Prevention Committee

Assets Laundering Prevention Committee has been constituted under the coordination of a Non-Executive Director, another Director member from the Board, Head of Compliance Department and Chief Risk Officer as members and Chief AML as Member Secretary. The Committee has made special efforts to oversee and control the risks by ensuring that laws pertaining to money laundering and prevailing directive issued by Nepal Rastra Bank are fully complied. In the review year, the Assets Laundering Prevention Committee held 5 meetings accounting total expenditure of NPR 80,000.

17. Details of Total Management Expenditure of the last Fiscal Year

During the review period, the staff expenses and office operating expenses amounted NPR 2.92 Billion.

18. List of Audit Committee members, their remuneration, allowances and facilities, details of the work done by the Committee and the details of any suggestions made by the Committee

Under the coordination of one Non-Executive Director, Audit Committee has been constituted with an additional Non-Executive Director as member and Head of Internal Audit Department as Principal Member Secretary as per the direction of Nepal Rastra Bank. Following are the Audit Committee members:

- Mr. Jeevan Kumar Katwal (Director) - Coordinator
- Mr. Shirish Kumar Murarka (Director) - Member
- Mr. Pramod Kumar Dahal (Head-Internal Audit Department) - Member Secretary

(Note: Coordinator Late. Rajendra Kafle representing Employees Provident Fund retired from his service on 21 August 2020 who was replaced by Mr. Jeevan Kumar Katwal (representative of Employees Provident Fund) as coordinator from 20 December 2020)

The Audit Committee has been performing its functions complying with the instructions by Nepal Rastra Bank. Each report received from the auditor is discussed and reviewed in the Audit Committee with necessary instructions for improvement. The Audit Committee discusses and reviews each report received by the Auditor to identify all the risk areas and ensures that the risks are addressed before a periodic submission of the report to the Board of Directors. The Board is regularly receiving suggestions from the Audit Committee.

During the review year, the Audit Committee held 6 meetings to which its members excluding Member Secretary were remunerated incurring the total expenditure of NPR 176,000.

All the members of the Committee formed at the level of Board of Directors were remunerated NPR 16,000 allowance per meeting except the Member Secretary.

19. Details of any payments yet to be made to the Directors, Chairman, Chief Executive Officer, Basic Shareholders or their close relatives or their associated companies

None

20. Details of remuneration to the Directors, Chief Executive Officer and Senior Management Staff

Detailed in section 33 of additional disclosures of this report.

21. Information of Undeclared Dividend by the shareholders

Out of the total dividend distributed by the Bank upto 15 July 2021, NPR 194,220,962 remains unclaimed by the shareholders of which NPR 2,740,526 is with the Bank and remaining NPR 191,480,436 is with the share registrar NMB Capital Ltd. The uncollected dividends of the shareholders before FY 2012/13 have been deposited in the Investor Protection Fund. The Bank publishes a notice in the newspaper to collect the dividends each year in the newspaper and updates the same in the Bank's website as well.

22. Details of Fixed Assets purchased/sold pursuant to Clause 141 of the Company Act 2006

During the review period there was no purchase/sale of fixed asset.

23. Details of the transactions with related companies pursuant to Clause 175 of Company Act 2006

Detailed in section 11 of this report.

24. Any other information to be disclosed in the Director's Report as per Company Act 2006 and prevailing law

Required information has been provided in the relevant section of this annual report.

25. Other Essential Information

A) Subsidiary Companies and its Progress

NMB Capital Ltd.

NMB Capital Ltd.; established with a capital investment of NPR 200 Million is a wholly owned subsidiary company of the Bank. Licensed by Securities Board of Nepal (SEBON), NMB Capital has been managing the process of issuing primary shares, further public offerings, and right shares of various companies along with other investment plans and portfolio management targeted towards general public as well as institutional clients adhering to the prevailing policies and rules issued by concerned authorities.

In the fiscal year 2020/21, the net profit of the company stood at NPR 108.20 million.

The company during the review period, registered two mutual fund schemes in the SEBON i.e. (i) an open-end mutual fund scheme viz. NMB Saral Bachat Fund-E and (ii) a closed-end mutual fund scheme viz. NMB Sulav Investment Fund-2. In addition, it completed the issuance of one debenture, four primary shares, one right-share, three auction. Similarly, the agreement entered in the review year to issue and distribution of one additional debenture and right share have been executed during the running fiscal year. It has been working as a fund manager and depository for 'NMB Hybrid Fund L-1' and planning manager for 'NMB-50' issued by NMB Bank Ltd. The company has submitted a plan to the SEBON and moving ahead for public issuance of eight primary shares by the end of the running fiscal year. The company has been providing share registrar services to 18 companies at the end of the review year.

STATEMENT OF FINANCIAL POSITION

	15 July 2021 (NPR)	15 July 2020 (NPR)
Assets		
Cash and Cash Equivalents	511,355,658.83	1,129,850,768.15
Investment Securities measured at Fair Value through P/L	17,460.00	9,900.00
Investment in Equity measured at Fair Value through OCI	48,457,500.00	37,520,000.00
Investment Securities measured at Amortized Cost	252,912,636.42	229,268,084.23
Other Financial Assets	36,012,035.44	23,239,824.33
Other Assets	-	-
Property & Equipment	7,862,504.40	9,615,925.74
Intangible Assets	1,922,648.39	819,227.40
Current Tax Assets	1,251,461.66	939,074.49
Deferred Tax Assets	3,188,000.84	5,665,560.44
Total Assets	862,979,905.98	1,436,928,364.78
Liabilities		
Dues to Public	397,685,671.59	990,915,038.71
Other Financial Liabilities	41,680,507.89	92,183,663.04
Other Liabilities	23,461,873.23	20,327,556.22
Current Tax Liabilities	-	-
Deferred Tax Liabilities	-	-
Other Provisions	8,528,001.22	13,658,095.00
Total Liabilities	471,356,053.93	1,117,084,352.97
Equity		
Share Capital	200,000,000.00	200,000,000.00
Retained Earnings	169,093,177.89	108,398,512.28
Other Reserves	22,530,674.16	11,445,499.53
Total Equity	391,623,852.05	319,844,011.81
Total Liabilities and Equity	862,979,905.98	1,436,928,364.78

STATEMENT OF PROFIT OR LOSS

	15 July 2021 (NPR)	15 July 2020 (NPR)
Income		
Income from Merchant Banking Activities	116,149,214.39	19,251,132.03
Income from Mutual Fund operations	54,412,750.00	49,764,019.98
Interest Income	783,421.05	20,519,858.62
Other Income	67,371,743.58	68,151,574.02
Net gain/(loss) on financial investments Held for Trading	7,560.00	3,900.00
Total Income	238,724,689.02	157,690,484.65
Expense		
Personnel Expense	42,414,657.88	34,594,111.98
Interest Expense	-	-
Depreciation on Property and Equipment	4,021,428.34	3,991,326.14
Amortization of Intangible Assets	479,286.01	315,880.20
Other Operating Expenses	38,713,227.40	16,431,797.11
Total Expenses	85,628,599.63	55,333,115.43
Profit Before Tax from Continuing Operations	153,096,089.39	102,357,369.22
Income Tax Expenses	45,928,826.82	30,706,040.77
Deferred Tax Expenses/(Income)	1,020,292.73	2,351,825.61
Profit For the Year	108,187,555.30	74,003,154.06

NMB Laghubitta Bittiya Sanstha Ltd.

NMB Laghubitta Bittiya Sanstha Ltd. is a subsidiary microfinance company of NMB Bank. It has a paid-up capital of NPR 539.84 Million of which NMB Bank, other individual promoters, and general public have share ownerships of 51%, 19%, and 30% respectively. The head office of the company is in Pokhara Metropolitan City Ward No 25, Milanchowk, Hemja, Kaski. It has 136 branches spread in 62 hilly districts of the country. The company as on Mid-July 2021 has NPR 5.02 Billion risk assets exposure and NPR 1.67 Billion deposit portfolio.

Balance Sheet

	FY 2020/21 (NPR)	FY 2019/20 (NPR)
Capital & Liabilities		
1. Share Capital	655,862,862	539,804,825
2. Reserve and Funds	242,159,508	168,223,975
3. Debentures and Bonds	-	-
4. Borrowings	2,795,616,200	2,301,841,701
5. Deposits	1,673,811,820	1,469,152,795
6. Proposed Dividend	6,108,318	4,536,175
7. Income Tax Liabilities	-	-
8. Other Liabilities	79,150,921	41,535,191
Total Liabilities	5,452,709,629	4,525,094,662
1. Cash Balance	3,218,520	130,155
2. Balance with Nepal Rastra Bank	30,000,000	16,030,000
3. Balance with Banks/Financial Institutions	225,937,032	4,251,618
4. Money at Call and Short Notice	121,402,539	280,052,331
5. Investments	2,000,000	2,000,000
6. Loans, Advances and Bills Purchased	5,021,513,056	3,584,171,733
7. Fixed Assets	27,203,307	20,442,680
8. Non-Banking Assets	-	-
9. Other Assets	21,435,175	20,161,756
Total Assets	5,452,709,629	4,525,094,662

Profit and Loss Account

Particulars	FY 2020/21 (NPR)	FY 2019/20 (NPR)
Interest Income	719,527,697	592,589,687
Interest Expenses	249,078,643	313,413,805
Net Interest Income	470,449,054	279,175,883
Commission ,Discount and other operating income	111,229,656	82,985,186
Exchange Fluctuation Income	-	-
Total Operating Income	581,678,710	362,161,069
Staff Expenses	162,373,320	155,172,948
Other Operating Expenses	79,888,872	58,472,776
Exchange Fluctuation Loss	-	-
Operating Profit Before Provision for Possible Loss	339,416,588	148,515,345
Provision for Possible Losses	626,510,277	149,500,439
Operating Profit	(287,093,689)	(985,094)
Non-operating Income/Loss	1,292,951	1,906,401
Loss Provision Written-Back	598,693,713	94,673,412
Profit from Regular Operations	312,892,973	95,594,719
Profit/Loss from extra-ordinary activities	-	-
Net Profit after considering all activities	312,892,973	95,594,719
Staff Bonus Provision	31,289,297	9,559,472
Provision for Income Tax Provision	83,990,637	25,424,567
Current Year's Tax Provision	84,881,347	25,893,374
Previous Year's Tax Provision	-	-
Current Year Deferred Tax (Income)/Expenses	(890,711)	(468,807)
Net Profit/Loss	197,613,039	60,610,679

B) Corporate Social Responsibility

A Corporate Social Responsibility (CSR) Committee has been constituted under the coordination of the Chief Executive Officer of the Bank with Chief Business & Strategy Officer, Chief Business Officer, and Head-Finance & Planning as members, and Head-Corporate Social Responsibility as Principal Secretary. During the year under review, the Bank as part of its CSR activity distributed various items to the flood victims of Sindhupalchowk and Manang districts. The Bank also distributed essential items for clean drinking water and sanitation in different places of the country. Under the CSR, the Bank covered COVID-19 treatment and prevention expenses for the employees to safeguard them against the epidemic and distributed necessary items including hand sanitizers and layered-masks for their protection from the virus. Moreover, the Bank also provided various financial and non-financial assistances to differently-abled people, students from remote areas, COVID isolation centers, and traffic police. The Bank during the review year contributed NPR 26.63 Million under corporate social responsibility.

C) Human Resources:

The Bank considering the needs of committed and productive staff for the successful implementation of future plans and its overall growth has paid special attention to the development and management of its employees. The Bank believes that empowered employees are the source of happy customers and has made considerable investment in its staff capacity development and effective management through various internal and external training programs. During the review period, most of the employees received internal training while 223 employees received external training. 60 employees participated in trainings and seminars outside the country.

In the review year, the number of committed employees increased to 1744 of which 665 are female and 1,079 are male employees. At present, there are 19 employees completing more than 15 years of service period, 249 employees with more than 10 years of service, and 374 employees having worked for more than 5 years in the Bank.

D) Arrangements for Grievance Handling:

Mr. Sudesh Upadhyaya, Chief Business and Strategy Officer who is also a member of the Bank's management team has been appointed as Grievance Handling Officer for hearing grievances of customers and the general public. Also, an online portal have been developed on the Bank's website for grievance handling. In the review year, the Bank received 778 complaints and grievances through its branch offices, head office, hotline, and call-centre. All the grievances other than those related to loan recovery that follows legal procedures have been resolved in time.

E) Board of Directors Meeting and Conduct:

The meeting of Board of Directors has been held regularly as per the existing acts and policies. During the review period, 19 board meetings were held to which the Chairman of the Board was remunerated NPR 18,000 and other board members were remunerated NPR 16,000 per meeting.

All the Board officials have been complying the conducts mentioned in Section 6(1) of Unified Directive 2020.

F) Management Team:

Mr. Sunil KC has been leading the Bank and its Management Team as the Chief Executive Officer. With a banking experience over 30 years, he currently leads the management Team consisting of the following staff members:

Pradeep Pradhan	Chief Executive Internal Audit
Sharad Tegi Tuladhar	Chief Policy (Risk) and Environment and Social
Shabnam Limbu Joshi	Chief Support Officer
Sudesh Upadhyaya	Chief Business and Strategy Officer
Govind Ghimire	Chief Business Officer
Shreejesh Ghimire	Chief Investment Officer
Navin Manandhar	Chief Risk Officer
Pramod Dahal	Chief Operating Officer and Company Secretary
Roshan Regmi	Head Retail Banking
Binay Dahal	Head Business & Planning (States)

G) Recognitions

Bank of the Year 2021-Asia: The Bank in the running fiscal year has been conferred with the “Bank of the Year 2021-Asia” and “Bank of the Year 2021-Nepal” awards by the Financial Times, London. The Bank in last five years has been honoured four times as the “Bank of the Year” award for Nepal and the first time as “Bank of the Year-Asia” for the year 2021. However, it is also the first time in the history of Nepalese banking industry to receive such international acclaimed award by a Nepalese bank.

Other Honours: Asian Banking and Finance Magazine published by the Charlton Media Group based in Singapore honoured the Bank by “Green Deal of the Year 2021” under Corporate and Investment Banking Awards category during the running fiscal year.

Similarly, in the running fiscal year, “Edgeverve”, a wholly-owned subsidiary company of the Indian Multinational Information Technology Company “Infosys Limited” awarded NMB Bank by “True Digital Initiative” in its annual Infosys Innovation Awards ceremony. The Bank was conferred by the said award for the year 2021 in recognition of its endeavours related the information technology under “Customer Re-imagination Journey” category.

Acknowledgement

The contribution and support by the esteemed shareholders towards the progress and prosperity of this Bank has enabled NMB to be honoured with Bank of the Year Asia award. On behalf of the Board of Directors, I would like to express my sincere gratitude to all esteemed shareholders, representatives from various regulatory bodies, stakeholders, customers, Management team and the entire staff for supporting the Bank to achieve remarkable financial results and reach new milestones year after year.

Thank You.

Pawan Kumar Golyan
Chairman

Date: Thursday, 6 January, 2022

FY 2020/21

Annex-15 of Securities Registration and Issue Regulation, 2016

(Details related to clause 26.2)

1. Director's Report
Director's report is included in the annual report of FY 2020/21.
2. Auditor's Report
Auditor's report is included in the annual report of FY 2020/21.
3. Audited Financial Statements
Audited financial statements are included in the annual report of FY 2020/21.
4. State of Legal Proceedings
 - i) If any lawsuit has been filed by or against the organization within the quarterly period:
33 lawsuits related to debt collection, income tax and banking property were being reviewed in various courts during the last financial year,
 - ii) If any lawsuit was filed by or against the founder or director of the organization for disobeying the prevailing rules or committing a criminal offense:
Not in the information of this Bank.
 - iii) If any lawsuit has been file against founder or director for financial offence:
Not in the information of this Bank.
5. Analysis of organization's share transactions and progress:
 - i) Management's perception regarding the trading of organization's shares in the securities market:
The fluctuations in share trading are determined by the open market and are in line with the values and norms of the same
 - ii) The maximum, minimum and final value of the Bank's shares in each quarter of the previous financial year as well as the total number and days of transactions.

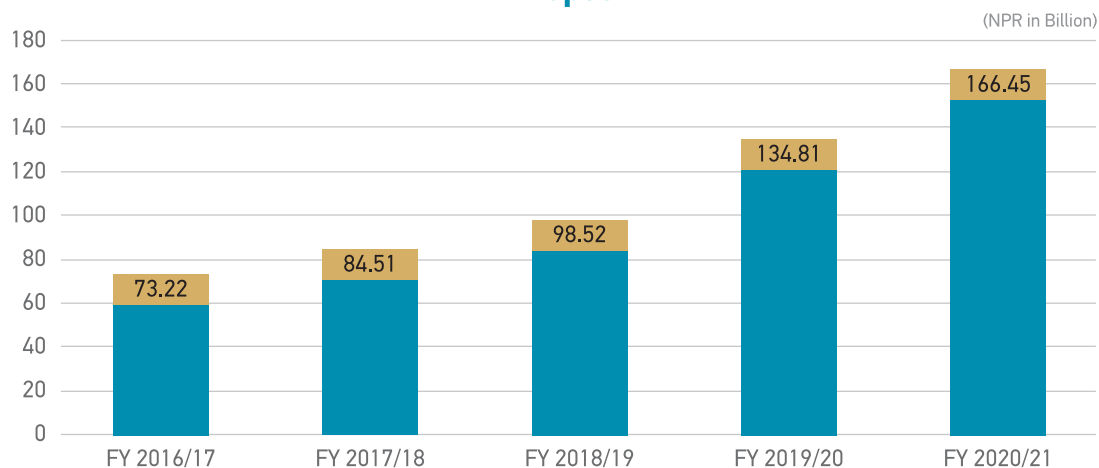
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Maximum Value	499	505	485	472
Minimum Value	400	379	400	395
Last Value	408	444	437	440
Number of Transactions	32,642	43,115	47,582	63,304
Days of Transactions	64	58	59	65

6. Problems and Challenges:
 - i) Internal Problems and Challenges: The lack of skilled human resources in the banking sector, the challenge of managing operating risks along with an increase in number of branches and transactions, the challenges imposed by the COVID-19 pandemic towards operations of branches and daily banking activities including health safety of frontline staff are considered as internal problems and challenges by the Bank.
 - ii) External Problems and Challenges: The non-recovery of loan and interest due to COVID-19 pandemic, unstable liquidity condition, decrease in remittance, stagnation of economic activities due to low government expenditure, deficit in investment sector for expansion of business, increasing unhealthy competition in banking sector are considered as external problems and challenges by the Bank. In such context, the bank's lending and interest rates will be affected that will in turn affect the bank's profitability and consequently impacting the distribution of dividends in a negative way.
 - iii) Strategies Adopted by Management: In order to reduce the health risk of the employees due to COVID-19 pandemic, the Bank continued to provide its service with minimum number staff by complying all safety standard protocols and also facilitated the work from home to the staff. The Bank also provided educational trainings on digital banking to its employees to provide services through digital platforms. Necessary strategies were adopted by the Bank for cost reduction and management. In addition, the Bank has paid special attention to increase investment in the productive sector, agriculture sector, and small and micro-enterprise sector thus improving the quality of its risk assets portfolio. The Bank has placed emphasis on new areas of income, management of passive debts and diversifying risk assets. The Bank also has made various effective training arrangements to make its skilled human resources more robust and efficient.
7. Corporate Governance
Details on the steps taken by the management of the Bank for the promotion of corporate governance:
 - i) The policies adopted by the Board of Directors have been implemented.
 - ii) Various committees formed at the management level (such as Assets and Liability Committee, Human Resources Recruitment Committee, Credit Risk Management Committee, Corporate Governance Committee, etc.) are active.
 - iii) In order to organize internal control mechanism, the Audit Committee has been meeting regularly to review and implement the suggestions given by the internal auditors in the regular audit report.
 - iv) The Risk Management Committee has been meeting regularly to discuss the issues such as stress testing, adequacy of policies and rules, operational risk, etc. and following the instructions received for management.

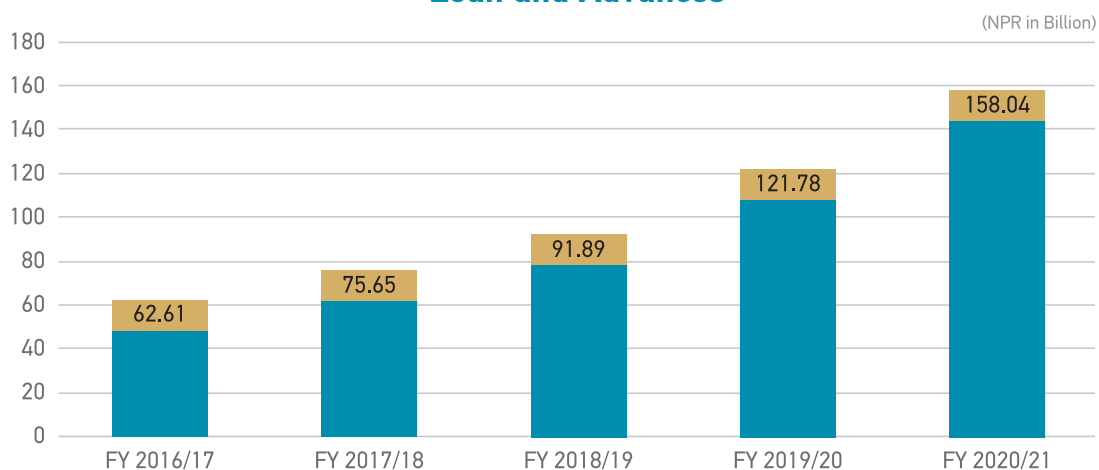
- v) Discussions are being held from time to time by the Assets Laundering Prevention Committee emphasizing on customer identification process and issues related to this area.
- vi) Various internal policies, rules and guidelines have been formulated and implemented to manage banking transactions and minimize operational risks.
- vii) Full compliance of the directives and guidelines on good governance issued by the regulator bodies including Nepal Rastra Bank, Securities Board, and Company Registrar's Office.
- viii) In order to maintain good governance within the Bank, a Corporate Governance Committee has been constituted and the decisions of the governance issues discussed in the meeting have been implemented. The Chief Executive officer has been given the responsibility for maintaining Corporate Governance in the Bank.

Financial Highlights

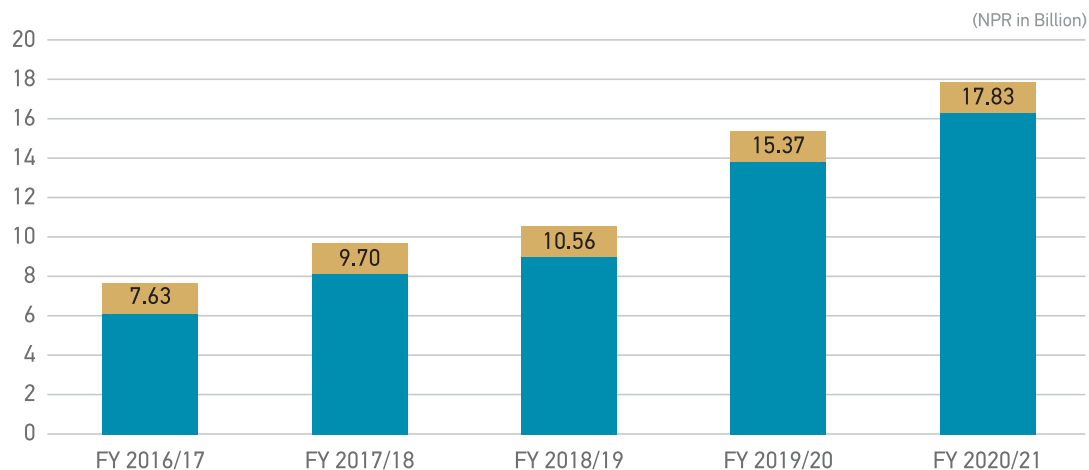
Deposit



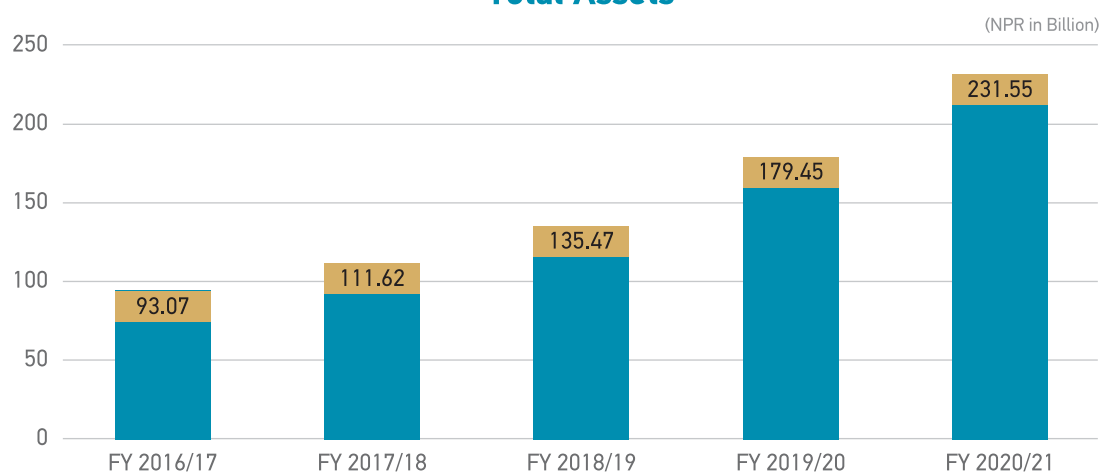
Loan and Advances



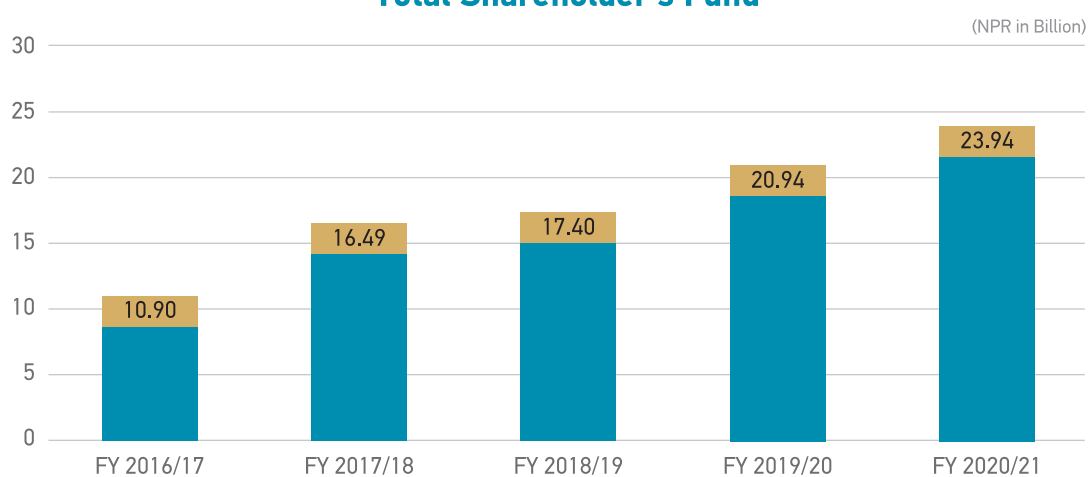
Investment



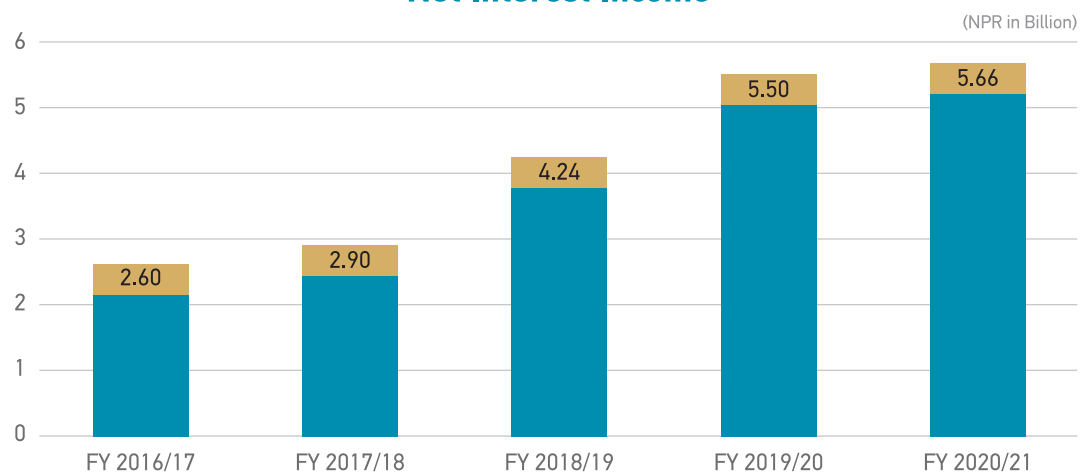
Total Assets



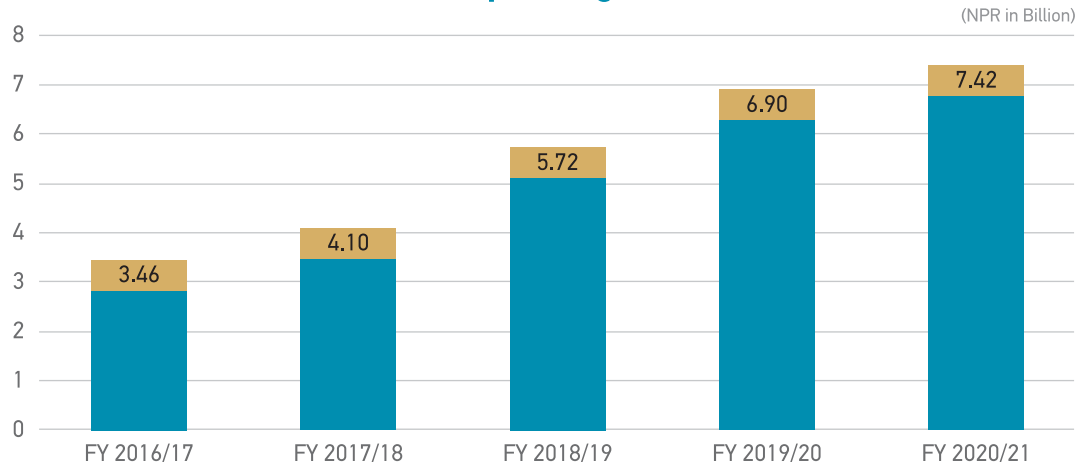
Total Shareholder's Fund



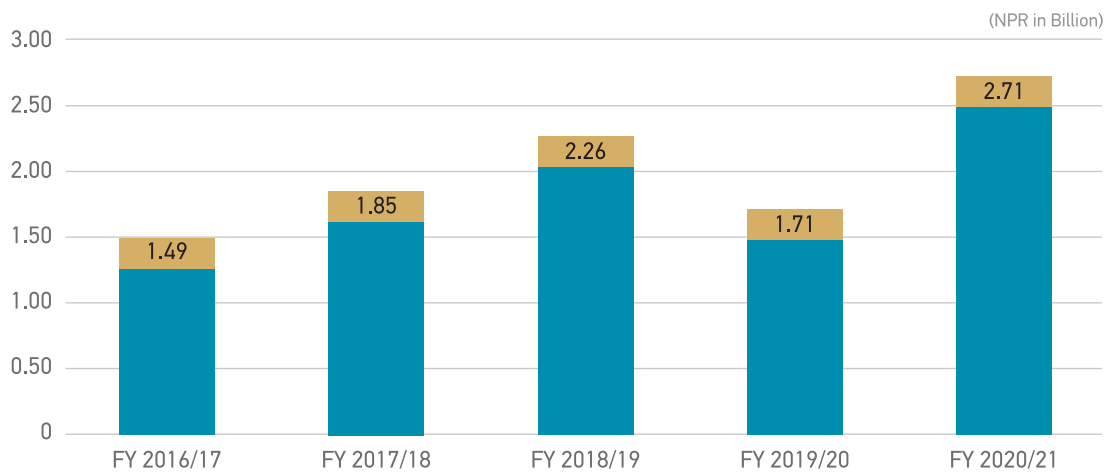
Net Interest Income



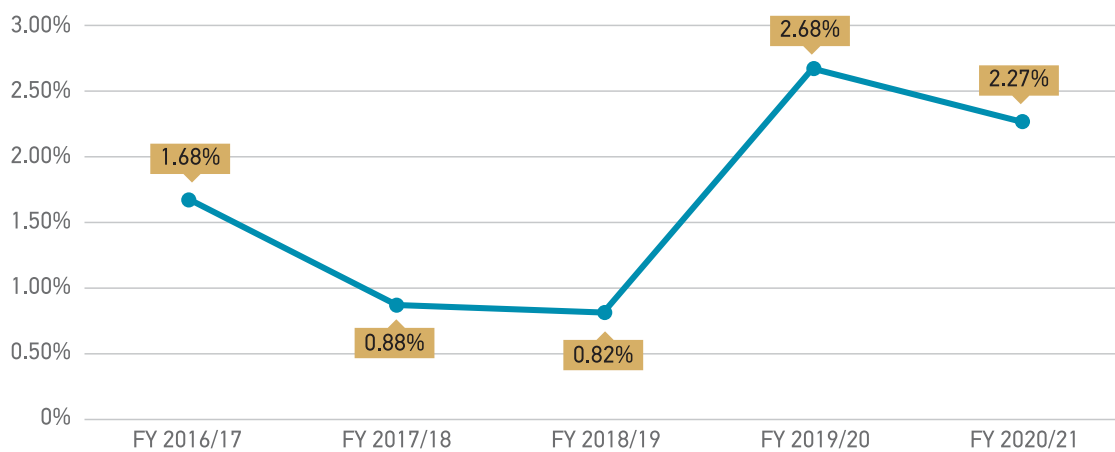
Total Operating Income



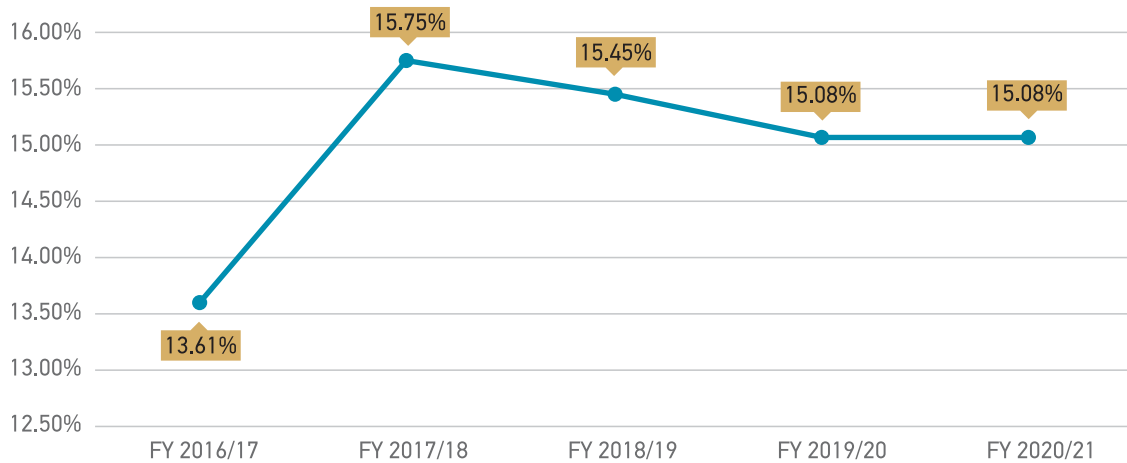
Net Profit



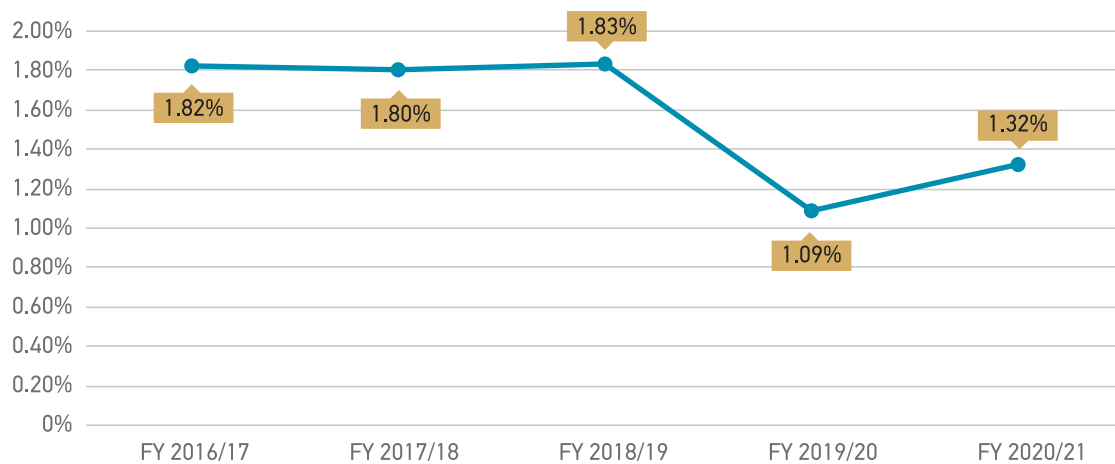
Non Performing Loan (%)



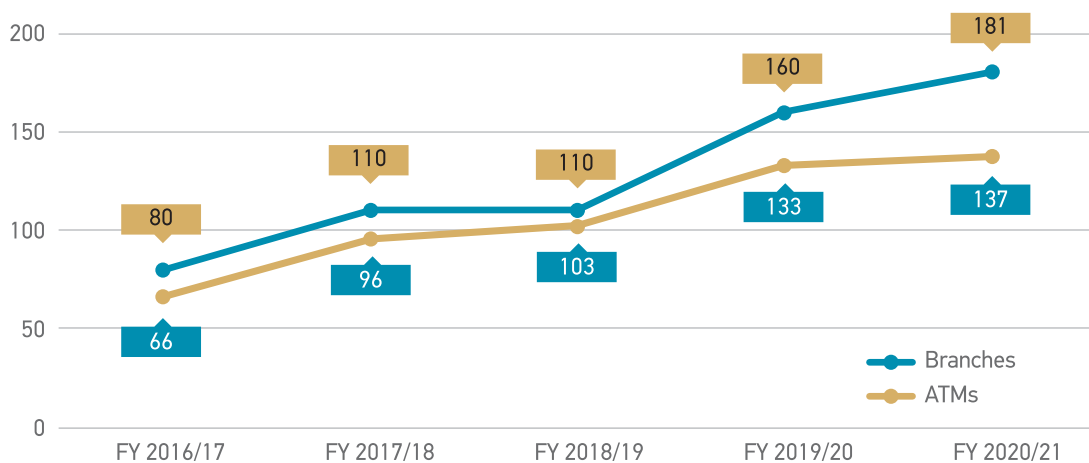
Capital Adequacy Ratio (%)



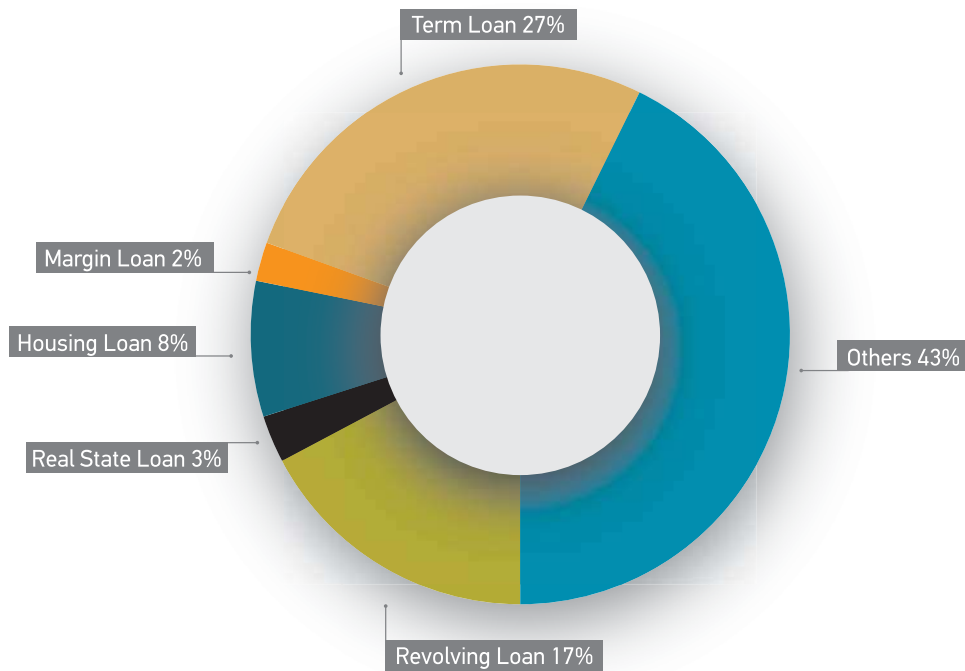
Return on Assets (%)



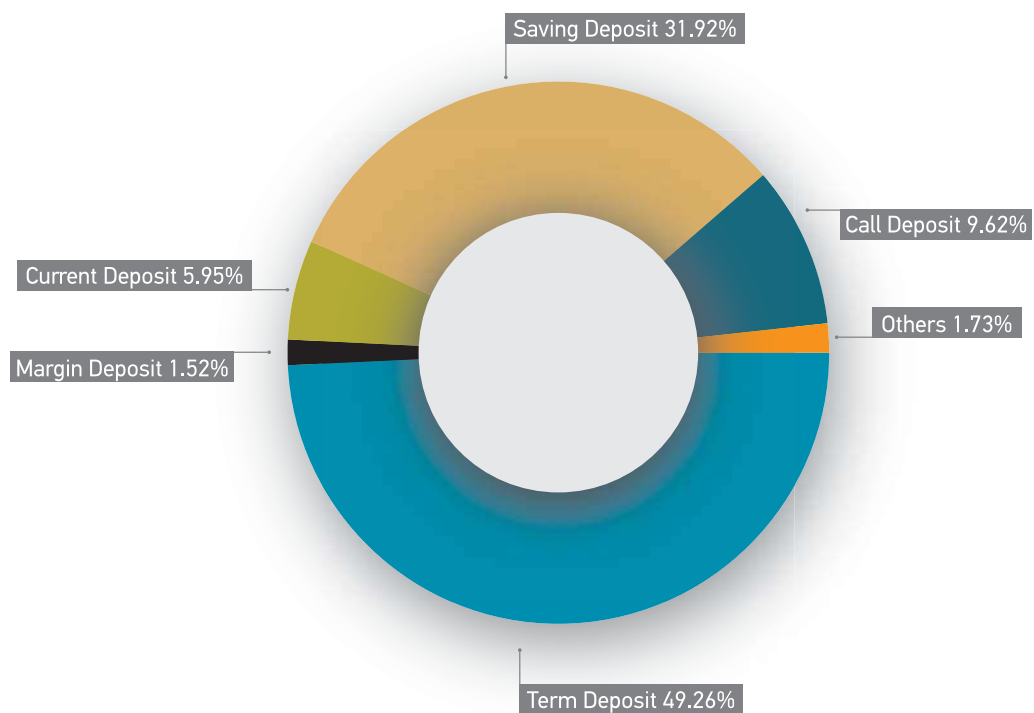
No. of Branches/ATM



Loan Mix FYE 2020/21



Deposit Mix FYE 2020-21



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INDEPENDENT AUDITOR'S OPINION TO THE SHAREHOLDERS OF NMB BANK LIMITED

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of NMB Bank Limited and its subsidiaries (collectively referred as the "Group") which comprise the consolidated statement of financial position as at Ashad 31, 2078 (corresponding to July 15, 2021) and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information prepared in accordance with Nepal Financial Reporting Standards.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements of the bank and the consolidated financial statements of the group present fairly, in all material respects, the financial position of the bank and the group as at Ashad 31, 2078 (corresponding to July 15, 2021) and its financial performance and its cash flows for the year then ended in accordance with the Nepal Financial Reporting Standards.

Basis for Qualified Opinion

During the financial year, the Bank has acquired the then Kanchan Development Bank Ltd. and the purchase consideration have been provided in the form of equity shares of the Bank. The bank has followed the procedures for the business combinations as per the NRB Merger and Acquisition Bylaws, 2073 which is binding on banks and financial institutions in the country. The Bank has measured identifiable assets acquired and liabilities assumed on cost basis and purchase consideration transferred at face value of shares. Accordingly, the resulting difference amount on share swap of the entities was transferred to Capital Reserve as per the provision of the Bylaws.

As per the *Nepal Financial Reporting Standard 3: Business Combinations*, in case of business combinations, the acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition date fair values. The consideration transferred in the business combination shall be measured at fair value. The Carve-Out issued by the Institute of Chartered Accountants of Nepal dated Kartik 25, 2077 (November 10, 2020) for *NFRS 3: Business Combinations*, provides that the acquirer shall account for and integrate into its books of account on announced books integration date (being acquisition date) the total assets and liabilities (except equity and all reserves) of acquiree at the value determined by applying the same basis considered for determining restated value for its adjusted net worth for the purpose of swap ratio as per the Nepal Rastra Bank (NRB) Merger and Acquisition Bylaws, the value so determined is to be considered a fair value of the acquiree. And, where the purchase consideration is settled through issue of shares of the acquirer, the fair value of such shares shall be the value determined by applying various parameters as per the NRB Merger and Acquisition Bylaws for the purpose of swap ratio.

Had the bank followed the Carve-out, the Capital Reserve would have been decreased by NPR 87,664,500, the Property, Plant and Equipment and Other Components of Equity – Share Premium would have been increased by NPR 28,394,759 and NPR 293,487,517 respectively and Goodwill would have been recognized at NPR 177,428,258 as on period end date.





The bank had followed the procedures for the business combinations as per NRB Merger and Acquisition Bylaws, 2073 which is binding on banks and financial institutions in the country for the merger with Om Development Bank Limited during the previous year. Accordingly, the resulting difference amount on share swap of the entities was transferred to Capital Reserve as per the provision of the NRB Bylaws. The audit opinion on the financial statements for the period ended on 31st Ashadh, 2077 (July 15, 2020) was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figure and the corresponding figures.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ICAN's *Handbook of Code of Ethics for Professional Accountants* together with the ethical requirements that are relevant to our audit of the financial statement in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's *Handbook of Code of Ethics for Professional Accountants*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risk of material misstatement (whether or not due to fraud) identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summaries below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

S.N.	Key Audit Matters	Auditor's Response
1.	Information Technology	
	The Bank's key financial accounting and reporting processes are highly dependent on the automated controls over the Bank's IT systems. There is a risk that gaps in the change management, segregation of duties or user access management controls (in relation to key financial accounting and reporting systems) may undermine our ability to place some reliance thereon in our audit.	<p>Our audit approach regarding obtaining reliance on Bank's IT systems included the following procedures:</p> <ol style="list-style-type: none"> We tested the design, operation and effectiveness of control over granting, removal and appropriateness of access rights on the accounting and reporting system of the bank. Obtained and inspected the change management policies and for a sample of changes in inputs and control functions on the system, has been reviewed to confirm that changes had been performed in line with approved decisions. Tested a sample of the automated controls that are designed to enforce appropriate segregation of duties. We have tested a sample of outputs particularly interest income and expenses on loans and advances of the system through manual calculations.





KMU & Associates
Chartered Accountants

2.	Interest Recognition	<p>The interest income of the bank has to be recognized on accrual basis and following the Interest Income Recognition Guidelines 2019 issued by NRB. Though accrual basis of interest recognition is prescribed in general, the guideline requires suspension of interest recognition on accrual basis for loans and advances with overdue of more than 12 months whereas for loans and advances with overdue interest/installment for 3 to 12 months, interest recognition on accrual basis is limited on the basis of result of collateral testing as specified. Given the lack of system capability to suspend recognition of income on the basis of overdue status of loan and fair value of collateral as well as review of fair valuation of collateral on regular basis, manual intervention will be required in interest recognition process and hence create risk of improper application of the guidelines and determination of the Fair Value of the collateral. This may, in turn, have effect on recognition of interest income of the bank.</p> <p>Our audit approach regarding verification of process of interest recognition included:</p> <ol style="list-style-type: none"> Obtaining clear understanding of the process of accrual of interest income on loans and advances in the Core Banking Software of the bank. For fair valuation of collateral, we relied on the latest available engineer's valuation of the collateral and have test checked the hair cut in fair value of collateral as per NRB Income Recognition guidelines 2019. Test check of the interest income booking with manual computation.
3.	Impairment of Loans and Advances	<p>As per NRB Directive 4, bank shall measure impairment loss on loans and advances at the higher of:</p> <ul style="list-style-type: none"> ➤ Amount derived as per the norms prescribed by Nepal Rastra Bank for loan loss provision; and ➤ Amount determined as per para 63 of NAS 39 adopting Incurred Loss Model <p>As per the norms prescribed by NRB, provision at prescribed rate should be created on loans and advances based on overdue status of loans and advances as well as utilization status of the facility, status of security, borrower's whereabouts etc.</p> <p>As per NAS 39 read with NFRS 9, impairment of loans and advances should be made on individual impairment basis for loans and advances that are individually significant and collective impairment basis for homogeneous groups of loans that are not considered individually significant.</p> <p>On individual impairment, amount of the loss is measured as the difference</p> <p>Our audit approach regarding verification of impairment of loans and advances included:</p> <ol style="list-style-type: none"> Review of the overdue status of loans and advances by obtaining data from the system and matched the same with the NRB 2.2 report. Sample credit files were reviewed, among other things, from the perspective of utilization of loans and advances for intended purpose by way of scrutiny of financial statements, account movement, account turnover, etc. Expected future cash flows from the individually significant loans and advances with indication of impairment are assessed on the basis of realizable value of collateral securities based on management estimate. Grouping of homogeneous group of loans was assessed on the basis of nature and purpose of loans and data of historical loss experience in portfolios are assessed on the basis of past due data from the system as well as data of loan loss provisions of the defined group in the past.





<p>between the assets' carrying amount and the present value of estimated future cash flows. Under collective impairment, loss is determined after taking into account the Historical Loss Experience in portfolios of similar credit risk and Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the reporting date is like to be greater or less than that suggested by historical experience.</p> <p>Given the fact that impairment of loans and advances under incurred loss model require assessment of future cash flows as well as historical loss experiences of portfolios. Further, impairment of loans and advances under NRB norms for loan loss provisioning will require assessment of overdue status of loans and advances and proper utilization of loan for intended purpose. Hence, assessment of availability and accuracy of required data for impairment of loans and advances under incurred loss model as well as NRB provisioning norms is regarded as key audit matters.</p>	
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Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is material misstatement of the other information; we are required to report that fact.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the prevailing accounting practices, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.





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In preparing the financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank and its subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank and its subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank and its subsidiary's to cease to continue as a going concern.
- Evaluate the overall presentation, structure, content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair representation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





Report on Other Legal and Regulatory Requirements

Based on our examination of the consolidated financial statements as aforesaid, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The accounts and records of the bank and its subsidiaries have been maintained as required by law and practice in a manner to reflect the real affairs of the Group.
- The consolidated statement of financial position, consolidated statement of financial performance and the consolidated statement of cash flow dealt with by this report are in agreement with the books of account of the Group.
- In our opinion, so far as appeared from our examination of the books, the bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank.
- In our opinion and to the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the bank and its subsidiaries have not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the Group deliberately or acted in a manner that would jeopardized the interest and security of the Group and the business of the Group appears to have been conducted satisfactorily.


 Rajnish Dahal, FCA
 Managing Partner
 Dev Associates,
 Chartered Accountants

Place: Lalitpur
 Date: October 31, 2021

UDIN: 211101CA00323uw2v


 Krishna Prasad Acharya, FCA
 Managing Partner
 K.M.U. & Associates,
 Chartered Accountants

Place: Lalitpur
 Date: October 31, 2021

UDIN: 211101CA00246gQjBw

Consolidated Financial Statements

NMB Bank Limited

Consolidated Statement of Financial Position

As at 31 Asar, 2078 (15 July, 2021)

Price in Rs.

Particulars	Note	Group		NMB	
		As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Assets					
Cash and cash equivalent	4.1	14,442,664,482	12,261,847,651	13,887,370,526	11,098,349,234
Due from Nepal Rastra Bank	4.2	19,248,505,528	15,271,028,507	19,218,505,528	15,249,998,507
Placement with Bank and Financial Institutions	4.3	2,717,148,715	3,304,233,792	2,717,148,715	3,304,233,792
Derivative financial instruments	4.4	17,161,392,134	10,066,295,972	17,161,392,134	10,066,295,972
Other trading assets	4.5	2,677,460	266,899,900	2,660,000	266,890,000
Loan and advances to B/FIs	4.6	5,194,470,677	4,665,864,579	5,194,470,677	4,665,864,579
Loans and advances to customers	4.7	155,112,819,977	118,325,756,270	151,014,123,921	115,668,472,666
Investment securities	4.8	17,756,933,069	15,267,544,132	17,453,562,933	14,998,756,047
Current tax assets	4.9	99,225,763	68,254,607	92,745,534	61,460,881
Investment in susidiaries	4.10	-	-	372,487,600	372,487,600
Investment in associates	4.11	-	-	-	-
Investment property	4.12	97,942,260	79,648,242	97,942,260	79,648,242
Property and equipment	4.13	1,773,075,389	1,785,246,156	1,741,914,965	1,755,794,235
Goodwill and Intangible assets	4.14	121,066,412	127,274,848	112,540,746	125,848,936
Deferred tax assets	4.15	252,197,566	270,086,640	249,009,565	264,421,080
Other assets	4.16	2,243,621,977	1,502,480,835	2,230,983,328	1,473,393,132
Total Assets		236,223,741,410	183,262,462,132	231,546,858,432	179,451,914,903
Liabilities					
Due to Bank and Financial Instituions	4.17	1,964,515,728	3,150,014,840	1,964,515,728	3,150,014,840
Due to Nepal Rastra Bank	4.18	7,597,982,045	4,832,501,544	7,597,982,045	4,832,501,544
Derivative financial instruments	4.19	17,127,036,376	10,008,212,670	17,127,036,376	10,008,212,670
Deposits from customers	4.20	165,856,477,862	132,285,880,304	164,489,285,837	131,660,368,354
Borrowing	4.21	9,239,426,200	4,718,151,701	7,443,810,000	3,416,310,000
Current Tax Liabilities	4.9	-		-	-
Provisions	4.22	1,703,106	2,125,593	-	-
Deferred tax liabilities	4.15	14,658,368	14,876,185	-	-
Other liabilities	4.23	4,239,911,418	4,327,967,972	3,686,459,641	3,169,287,821
Debt securities issued	4.24	5,293,994,350	2,279,834,432	5,293,994,350	2,279,834,432
Subordinated Liabilities	4.25	-	-	-	-
Total liabilities		211,335,705,453	161,619,565,241	207,603,083,977	158,516,529,660
Equity					
Share capital	4.26	16,325,960,853	13,950,987,467	16,325,960,853	13,950,987,467
Share premium		37,216,210	157,383,680	-	120,167,470
Retained earnings		2,868,079,150	1,978,984,957	2,515,343,348	1,737,219,751

Particulars	Note	Group		NMB	
		As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Reserves	4.27	5,190,173,864	5,183,064,720	5,102,470,254	5,127,010,555
Total equity attributable to equity holders		24,421,430,077	21,270,420,824	23,943,774,455	20,935,385,243
Non-controlling interest		466,605,880	372,476,067	-	-
Total equity		24,888,035,957	21,642,896,891	23,943,774,455	20,935,385,243
Total liabilities and equity		236,223,741,410	183,262,462,132	231,546,858,432	179,451,914,903
Contingent liabilities and commitment	4.28	128,674,294,920	109,216,197,944	128,673,744,920	109,215,647,944
Net Assets Value per share		149.59	152.47	146.66	150.06

As per our attached report of even date.

Sunil KC
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U. & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associates
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Pradeep Raj Pandey
Director

Mridul Parajuli
Head Finance & Planning

Date : 29th October, 2021
Place: NMB Bhawan, Babarmahal, Kathmandu

NMB Bank Limited

Consolidated Statement of Profit or Loss

for the year ended 31 Asar, 2078 (15 July, 2021)

Price in Rs.

Particulars	Note	Group		NMB	
		Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Interest income	4.29	14,673,638,809	15,048,722,089	13,983,693,533	14,442,972,567
Interest expense	4.30	8,508,425,030	9,148,040,628	8,323,034,232	8,946,752,652
Net interest income		6,165,213,779	5,900,681,461	5,660,659,301	5,496,219,915
Fee and commission income	4.31	1,476,831,413	1,060,673,551	1,177,641,945	914,369,723
Fee and commission expense	4.32	138,024,766	107,917,283	138,024,766	107,917,283
Net fee and commission income		1,338,806,647	952,756,268	1,039,617,179	806,452,440
Net interest, fee and commission income		7,504,020,426	6,853,437,729	6,700,276,480	6,302,672,355
Net trading income	4.33	364,115,874	384,157,101	364,108,314	384,157,101
Other operating income	4.34	370,035,244	218,071,990	351,973,665	215,364,793
Total operating income		8,238,171,544	7,455,666,821	7,416,358,459	6,902,194,249
Impairment charge/(reversal) for loans and other losses	4.35	410,226,959	1,681,992,262	382,410,393	1,627,165,235
Net operating income		7,827,944,585	5,773,674,559	7,033,948,066	5,275,029,014
Operating expense					
Personnel expenses	4.36	2,330,248,399	1,848,456,013	2,089,704,278	1,647,497,921
Other operating expenses	4.37	960,618,793	998,158,904	853,748,763	935,573,915
Depreciation & Amortisation	4.38	279,716,356	252,419,899	269,478,145	241,683,371
Operating Profit		4,257,361,037	2,674,639,743	3,821,016,879	2,450,273,807
Non operating income	4.39	40,364,736	20,419,110	39,071,786	18,512,709
Non operating expense	4.40	15,212,626	33,981,887	15,212,626	33,981,887
Profit before income tax		4,282,513,147	2,661,076,966	3,844,876,039	2,434,804,629
Income tax expense	4.41				
Current Tax		1,316,433,283	782,188,888	1,185,623,109	725,589,473
Deferred Tax expense/(Income)		(53,276,748)	92,660	(51,820,778)	(3,561,365)
Profit for the period		3,019,356,613	1,878,795,417	2,711,073,708	1,712,776,521

Particulars	Note	Group		NMB	
		Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Profit attributable to:					
Equity holders of the Bank		2,923,139,410	1,840,191,493	2,711,073,708	1,712,776,521
Non-controlling interest		96,217,203	38,603,924	-	-
Profit for the period		3,019,356,613	1,878,795,417	2,711,073,708	1,712,776,521
Earnings per share					
Basic earnings per share (BEPS)		17.96	13.56	16.66	11.18
Diluted earnings per share (DEPS)		17.96	13.56	16.66	11.18

As per our attached report of even date.

Sunil KC
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U. & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
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Nico Pijl
Director

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Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Pradeep Raj Pandey
Director

Mridul Parajuli
Head Finance & Planning

Date : 29th October, 2021

Place: NMB Bhawan, Babarmahal, Kathmandu

NMB Bank Limited

Consolidated Statement of Other Comprehensive Income

For the year ended 31 Asar, 2078 (15 July, 2021)

Price in Rs.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Profit for the year	3,019,356,613	1,878,795,417	2,711,073,708	1,712,776,521
Other comprehensive income, net of income tax				
a) Items that will not be reclassified to profit or loss				
- Gains/(losses) from investments in equity instruments measured at fair value	276,262,436	52,109,520	265,324,936	49,113,520
- Gains/(losses) on revaluation	-	-	-	-
- Actuarial gains/(losses) on defined benefit plans	(14,949,414)	(25,087,954)	(15,697,646)	(25,672,352)
- Income tax relating to above items	78,393,907	8,106,470	(74,888,187)	(7,032,350)
Net other comprehensive income that will not be reclassified to profit or loss	182,919,115	18,915,096	174,739,103	16,408,817
b) Items that are or may be reclassified to profit or loss	-	-	-	-
- Gains/(losses) on cash flow hedge	-	-	-	-
- Exchange gains/(losses) (arising from translating financial assets of foreign operation)	-	-	-	-
- Income tax relating to above items	-	-	-	-
- Reclassify to profit or loss	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equited method	-	-	-	-

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Other comprehensive income for the period, net of income tax	182,919,115	18,915,096	174,739,103	16,408,817
Total comprehensive income for the period	3,202,275,728	1,897,710,513	2,885,812,811	1,729,185,338
Total comprehensive income attributable to:				
Equity holders of the Bank	3,105,809,439	1,858,804,081	2,885,812,811	1,729,185,338
Non-controlling interest	96,466,289	38,906,432	-	-
Total comprehensive income for the period	3,202,275,728	1,897,710,513	2,885,812,811	1,729,185,338

As per our attached report of even date.

<hr/> Sunil KC CEO	<hr/> Pawan Kumar Golyan Chairman	<hr/> Krishna Prasad Acharya, FCA Managing Partner For, K.M.U. & Associates Chartered Accountants	<hr/> Rajnish Dahal, FCA Managing Partner For, Dev Associates Chartered Accountants
<hr/> Nico Pijl Director	<hr/> Jeevan Kumar Katwal Director	<hr/> Yogendra Lal Pradhan Director	<hr/> Uttam Bhlon Director
<hr/> Sirish Kumar Murarka Director	<hr/> Pradeep Raj Pandey Director	<hr/> Mridul Parajuli Head Finance & Planning	

Date : 29th October, 2021

Place: NMB Bhawan, Babarmahal, Kathmandu

Consolidated Statement of Changes in Equity

For the year ended 31 Asar, 2078 (15 July, 2021)

NMB Bank Limited

Group

Attributable to equity holders of the Group

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance at 16 July 2019	9,618,162,652	2,512,798,517	2,141,571,472	78,376,972	818,733,064	(5,092,298)	-	1,961,722,547	485,599,547.7	17,611,872,473	165,396,616	17,777,269,088
Adjustment/Restatement	-	-	-	-	-	-	-	45,433	-	45,433	-	45,433
Prior Period Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 17 July 2019	9,618,162,652	2,512,798,517	2,141,571,472	78,376,972	818,733,064	(5,092,298)	-	1,961,767,979	485,599,548	17,611,917,905	165,396,616	17,777,314,521
Comprehensive income for the year 2019-20												
Profit for the year	-	-	-	-	-	-	-	1,840,191,493	-	1,840,191,493	38,603,924	1,878,795,417
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	36,476,664	-	-	-	36,476,664	-	36,476,664
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(17,864,076)	(17,864,076)	302,509	(17,561,568)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	36,476,664	-	1,840,191,493	(17,864,076)	1,858,804,081	38,906,432	1,897,710,513
Transfer to reserves during the year	-	-	349,808,248	24,009,819	-	-	-	(484,624,696)	124,007,129	15,200,499	14,307,408	29,507,907
General Reserve Fund	-	-	349,808,248	-	-	-	-	(349,808,248)	-	-	-	-
Debt Redemption Reserve	-	-	-	-	-	-	-	(100,000,000)	100,000,000	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	24,009,819	-	-	-	(24,009,819)	-	-	-	-
Other Reserve NMBCL	-	-	-	-	-	-	-	(599,631)	599,631	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	(309,115)	15,509,613	15,200,499	14,307,408	29,507,907
Regulatory Reserve	-	-	-	-	-	-	-	(7,400,315)	7,400,315	-	-	-
Actuary Adjustment- NMBMF	-	-	-	-	-	-	-	(1,497,569)	1,497,569	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-

Transfer from reserves during the year	-	-	-	-	432,314,473	(28,850,498)	(2,365,892)	287,682	(2,078,209)
Fair Value Reserve - Sale of Investment	-	-	-	-	5,353,270	(1,000,000)	(1,000,000)	-	(1,000,000)
Fair Value Adjustment NMBCL	-	-	-	-	2,548,700	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	25,288,779	(25,298,469)	(9,690)	287,682	277,992
Deferred Tax Reserve NMBCL	-	-	-	-	1,195,827	(2,552,029)	(1,356,202)	-	(1,356,202)
Regulatory Reserve	-	-	-	-	397,927,896	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-
Share Issued	-	-	-	-	-	-	-	-	-
Share Issued	1,911,579,056	37,216,210	-	-	-	603,656,544	2,552,451,810	154,831,345	2,707,283,155
Transfer from Merger	-	28,614,713	543,946,962	39,523	463,327,760	(33,592,357)	903,113,885	-	903,113,885
Share based payments	-	-	-	-	-	-	-	-	-
Bonus Issue of NMBMF	-	-	-	-	-	-	11,553,907	-	11,553,907
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,421,245,759	(2,421,245,759)	-	-	-	-	(24,786,956)	-	(24,786,956)
Cash dividend paid	-	-	-	-	-	-	(1,655,468,416)	(1,253,417)	(1,656,721,833)
Total contributions by and distributions	4,332,824,815	(2,355,414,836)	543,946,962	39,523	463,327,760	(33,592,357)	1,786,864,231	153,577,928	1,940,442,159
Balance at 15 July 2020	13,950,987,467	157,383,680	3,035,326,681	102,426,313	884,132,928	(10,109,962)	21,270,420,824	372,476,067	21,642,896,891
Balance at 15 July 2020	13,950,987,467	157,383,680	3,035,326,681	102,426,313	884,132,928	(10,109,962)	21,270,420,824	372,476,067	21,642,896,891
Adjustment/Restatement	-	-	-	-	-	-	6,092,512	-	6,092,512
Prior Period Taxes	-	-	-	-	-	-	(18,443,236)	-	(18,443,236)
Adjusted/Restated balance at 16 July 2020	13,950,987,467	157,383,680	3,035,326,681	102,426,313	884,132,928	(10,109,962)	21,258,070,100	372,476,067	21,630,546,166
Comprehensive income for the year 2020-21	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	2,923,139,410	96,217,203	3,019,356,613
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	193,383,705	193,383,705	-	193,383,705
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	(10,713,676)	249,086	(10,464,590)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Total comprehensive income for the year	-	-	-	-	-	193,383,705	-	2,923,139,410	(10,713,676)	3,105,809,439	96,464,289	3,202,275,728
Transfer to reserve during the year	-	-	563,846,416	22,756,770	86,341,288	-	-	(687,411,831)	16,841,132	2,373,774	(749,196)	1,624,578
General Reserve Fund	-	-	563,846,416	-	-	-	-	(563,846,416)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	22,756,770	-	-	-	(22,756,770)	-	-	-	-
Customer Protection Fund	-	-	-	-	-	-	-	(1,007,826)	932,392	(75,434)	(1,040,780)	(1,116,214)
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	(1,007,826)	3,472,458	2,464,632	291,584	2,756,216
Regulatory Reserve	-	-	-	-	86,341,288	-	-	(97,160,043)	10,818,756	-	-	-
Actuary Adjustment- NMBCL	-	-	-	-	-	-	-	-	(15,424)	(15,424)	-	(15,424)
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,632,950)	1,632,950	-	-	-
Transfer from reserve during the year	-	-	-	-	-	(7,656,250)	-	509,082,673	(483,048,851)	18,377,572	-	18,377,572
Fair Value Reserve - Sale of Investment	-	-	-	-	-	-	-	9,669,979	-	9,669,979	-	9,669,979
Debtenture Redemption Reserve	-	-	-	-	-	-	-	476,604,097	(476,604,097)	-	-	-
Fair Value Adjustment NMBCL	-	-	-	-	-	(7,656,250)	-	7,656,250	7,656,250	7,656,250	-	7,656,250
Other Reserve NMBCL	-	-	-	-	-	-	-	3,352,347	-	3,352,347	-	3,352,347
Deferred Tax Reserve NMBCL	-	-	-	-	-	-	-	-	(668,054)	(668,054)	-	(668,054)
Regulatory Reserve	-	-	-	-	-	-	-	-	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	(1,632,950)	(1,632,950)	-	(1,632,950)
Investment Adjustment Reserve	-	-	-	-	-	-	-	11,800,000	(11,800,000)	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	496,765,500	-	-	-	-	-	-	-	87,664,500	584,430,000	-	584,430,000
Transfer from Merger	-	-	93,188,370	-	56,790,314	(1,033,372)	-	(138,279,119)	214,511	10,880,703	-	10,880,703
Share Issue Expenses (net off taxes)	-	-	-	-	-	-	-	-	-	-	-	-
Bonus Share Issue of NMBMF	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,878,207,886	(120,167,470)	-	-	-	-	-	(1,198,339,407)	(603,656,544)	(43,955,536)	-	(43,955,536)
Cash dividend paid	-	-	-	-	-	-	-	(506,746,807)	(7,809,168)	(514,555,975)	(1,587,280)	(516,143,255)
Total contributions by and distributions	2,374,973,386	(120,167,470)	93,188,370	-	56,790,314	(1,033,372)	-	(1,843,365,334)	(523,586,701)	36,799,193	(1,587,280)	35,211,913
Balance at 15 July 2021	16,325,960,853	37,216,210	3,692,361,466	125,183,083	1,027,244,530	174,584,121	-	2,868,079,150	170,780,664	24,421,430,077	466,605,880	24,888,035,957

NMB

Attributable to equity holders of the Bank

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Balance at 16 July 2019	9,618,162,652	2,512,798,517	2,123,306,659	78,376,972	818,733,064	(5,543,798)	-	1,780,326,613	476,853,581	17,403,014,259	-	17,403,014,259
Adjustment/Restatements												
Transfer to Capital Adjustment Fund	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 17 July 2019	9,618,162,652	2,512,798,517	2,123,306,659	78,376,972	818,733,064	(5,543,798)	-	1,780,326,613	476,853,581	17,403,014,259	-	17,403,014,259
Comprehensive income for the year 2019-20												
Profit for the year	-	-	-	-	-	-	-	1,712,776,521	-	1,712,776,521	-	1,712,776,521
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	-	34,379,464	-	-	34,379,464	-	34,379,464
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(17,970,646)	(17,970,646)	-	(17,970,646)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	34,379,464	-	1,712,776,521	(17,970,646)	1,729,185,338	-	1,729,185,338
Transfer to reserve during the year	-	-	343,625,958	24,009,819	-	-	-	(468,635,777)	101,000,000	-	-	-
General reserve fund	-	-	343,625,958	-	-	-	-	(343,625,958)	-	-	-	-
Debenture redemption reserve	-	-	-	-	-	-	-	(100,000,000)	100,000,000	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	-	-	-	-
Exchange fluctuation reserve	-	-	-	24,009,819	-	-	-	(24,009,819)	-	-	-	-
Regulatory Reserve	-	-	-	-	-	-	-	-	-	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Corporate social responsibility fund	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve during the year	-	-	-	-	(397,927,894)	(5,353,270)	-	428,879,061	(26,597,894)	(1,000,000)	-	(1,000,000)
Fair Value Reserve - Sale of Investment	-	-	-	-	-	(5,353,270)	-	5,353,270	-	-	-	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	25,597,894	(25,597,894)	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)

Particulars	Share Capital	Share Premium	General Reserve	Exchange Equalisation Reserve	Regulatory Reserve	Fair Value Reserve	Revaluation Reserve	Retained Earning	Other Reserve	Total	Non-controlling Interest	Total Equity
Regulatory Reserve	-	-	-	-	(397,927,896)	-	-	397,927,896	-	-	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Share Issued	1,911,579,056	-	-	-	-	-	-	-	603,656,544	2,515,235,600	-	2,515,235,600
Transfer from Merger	-	28,614,713	543,946,962	39,523	463,327,760	(33,592,357)	-	(101,962,827)	2,740,113	903,113,885	-	903,113,885
Share based payments	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares issued	2,421,245,759	(2,421,245,759)	-	-	-	-	-	-	-	-	-	-
Cash dividend paid	-	-	-	-	-	-	-	(1,614,163,839)	-	(1,614,163,839)	-	(1,614,163,839)
Total contributions by and distributions	4,332,824,815	(2,392,631,047)	543,946,962	39,523	463,327,760	(33,592,357)	-	(1,716,126,666)	606,396,657	1,804,185,646	-	1,804,185,646
Balance at 15 July 2020	13,950,987,467	120,167,470	3,010,879,579	102,426,313	884,132,928	(10,109,962)	-	1,737,219,751	1,139,681,697	20,935,385,243	-	20,935,385,243
Balance at 15 July 2020	13,950,987,467	120,167,470	3,010,879,579	102,426,313	884,132,928	(10,109,962)	-	1,737,219,751	1,139,681,697	20,935,385,243	-	20,935,385,243
Adjustment/Restatement	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-	-	-	(18,443,236)	-	(18,443,236)	-	(18,443,236)
Adjusted/Restated balance at 16 July 2020	13,950,987,467	120,167,470	3,010,879,579	102,426,313	884,132,928	(10,109,962)	-	1,718,776,515	1,139,681,697	20,916,942,007	-	20,916,942,007
Comprehensive income for the year 2020-21	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,711,073,708	-	2,711,073,708	-	2,711,073,708
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) from Investment in Equity Instrument measured at Fair Value	-	-	-	-	-	185,727,455	-	-	-	185,727,455	-	185,727,455
Gain/(Loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial Gain/(Loss) on defined benefit plans	-	-	-	-	-	-	-	-	(10,988,352)	(10,988,352)	-	(10,988,352)
Gain/(Loss) on Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Gain/(Loss) (arising from translating Financial Assets of Foreign Operation)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	185,727,455	-	2,711,073,708	(10,988,352)	2,885,812,811	-	2,885,812,811
Transfer to reserve during the year	-	-	543,689,886	22,756,770	86,341,288	-	-	(657,589,865)	4,801,922	-	-	-
General Reserve Fund	-	-	543,689,886	-	-	-	-	(543,689,886)	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Fluctuation Fund	-	-	-	22,756,770	-	-	-	(22,756,770)	-	-	-	-

Corporate Social Responsibility Fund	-	-	-	-	-	(3,168,972)	3,168,972	-	-
Customer Protection Fund	-	-	-	-	-	-	-	-	-
Deferred Tax Reserve	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Regulatory Reserve	-	-	-	-	86,341,288	(86,341,288)	-	-	-
NMB Staff Relief Fund	-	-	-	-	-	(1,632,950)	1,632,950	-	-
Transfer from reserve during the year	-	-	-	-	-	498,074,076	(490,037,047)	8,037,029	-
Fair Value Reserve - Sale of Investment	-	-	-	-	-	9,669,979	-	9,669,979	-
Debt Redemption Reserve	-	-	-	-	-	476,604,097	(476,604,097)	-	-
NMB Staff Relief Fund	-	-	-	-	-	-	(1,632,950)	(1,632,950)	-
Corporate Social Responsibility Fund	-	-	-	-	-	-	-	-	-
Investment Adjustment Reserve	-	-	-	-	-	11,800,000	(11,800,000)	-	-
Transactions with owners, directly recognised in equity	-	-	-	-	-	-	-	-	-
Transfer from Merger	-	-	93,188,370	-	56,790,314	(1,033,372)	214,511	10,880,703	-
Share Issued	496,765,500	-	-	-	-	-	87,664,500	584,430,000	-
Share Issue Expenses (net off taxes)	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
Bonus shares issued	1,878,207,886	(120,167,470)	-	-	-	(1,154,383,871)	(603,656,544)	-	-
Cash dividend paid	-	-	-	-	-	(462,328,095)	-	(462,328,095)	-
Total contributions by and distributions	2,374,973,386	(120,167,470)	-	-	-	(1,616,711,966)	(515,992,044)	122,101,905	-
Balance at 15 July 2021	16,325,960,853	-	3,647,757,834	125,183,083	1,027,264,530	174,584,121	2,515,343,348	23,943,774,456	-

As per our attached report of even date.

Sunil KC CEO	Pawan Kumar Golyan Chairman	Krishna Prasad Acharya, FCA Managing Partner For, K.M.U. & Associates Chartered Accountants	Rajnish Dahal, FCA Managing Director For, Dev Associates Chartered Accountants	Nico Pijl Director	Jeevan Kumar Katwal Director
Yogendra Lal Pradhan Director	Uttam Bhlon Director	Sirish Kumar Murarka Director	Pradeep Raj Pandey Director	Mridul Parajuli Head Finance & Planning	

Date : 29th October, 2021

Place: NMB Bhawan, Babarmahal, Kathmandu

NMB Bank Limited

Consolidated Statement of Cash Flows

For the year ended 31 Asar, 2078 (15 July, 2021)

Price in Rs.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	14,087,645,495	13,217,436,688	13,687,650,502	12,797,705,258
Fees and other income received	1,461,045,486	1,068,912,882	1,160,784,982	936,303,627
Dividend received	-	1,806,421	-	-
Receipts from other operating activities	333,298,536	490,486,761	327,833,075	418,676,147
Interest paid	(8,465,118,133)	(9,401,931,213)	(8,221,669,331)	(9,158,482,410)
Commission and fees paid	(138,074,594)	(106,922,556)	(138,074,594)	(106,922,556)
Cash payment to employees	(1,905,466,062)	(1,778,834,680)	(1,756,104,322)	(1,637,293,487)
Other expense paid	(916,602,988)	(986,295,611)	(829,010,391)	(921,177,953)
Operating cash flows before changes in operating assets and liabilities	4,456,727,741	2,504,658,692	4,231,409,921	2,328,808,626
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank	(6,983,139,612)	(3,014,721,068)	(6,979,639,612)	(3,011,221,068)
Placement with bank and financial institutions	(1,398,054,746)	1,481,768,552	(1,398,054,746)	1,481,768,552
Other trading assets	264,230,000	73,500,000	264,230,000	73,500,000
Loan and advances to bank and financial institutions	(381,073,487)	(757,537,872)	(381,073,487)	(757,537,872)
Loans and advances to customers	(31,836,492,477)	(8,037,427,820)	(31,386,070,687)	(7,587,006,030)
Other assets	(1,315,184,766)	(134,371,976)	(804,554,096)	(158,214,212)
Total	(41,649,715,089)	(10,388,790,185)	(40,685,162,629)	(9,958,710,630)
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions	(1,088,748,611)	1,836,642,165	(1,245,176,351)	1,836,642,165
Due to Nepal Rastra Bank	3,705,451,294	939,970,793	3,705,451,294	939,970,793
Deposit from customers	26,374,654,268	9,440,895,311	26,210,327,743	9,813,589,836
Borrowings	4,353,379,019	274,129,019	4,027,500,000	(51,750,000)
Other liabilities	25,450,941	2,349,787,104	118,125,095	1,806,032,540
Net cash flow from operating activities before tax paid	33,370,186,910	14,841,424,392	32,816,227,781	14,344,485,333
Income taxes paid	(1,304,626,922)	(800,706,041)	(1,228,698,096)	(740,000,000)
Net cash flow from operating activities	(5,127,427,360)	6,156,586,858	(4,866,223,023)	5,974,583,329
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(4,650,641,675)	(14,081,938,794)	(4,616,059,622)	(14,005,481,072)
Receipts from sale of investment securities	7,030,509,723	7,503,050,485	7,030,509,723	7,503,050,485
Purchase of property and equipment	(131,330,386)	(206,802,998)	(129,680,386)	(205,152,998)
Receipt from the sale of property and equipment	32,666,124	17,948,481	30,912,703	14,393,463
Purchase of intangible assets	(23,998,004)	(37,404,083)	(22,839,997)	(37,349,497)
Receipt from the sale of intangible assets	-	146,380	-	-
Purchase of investment properties	(17,798,518)	-	(17,798,518)	-
Receipt from the sale of investment properties	-	25,352,225	-	25,352,225

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Investment in subsidiaries, associates & joint ventures	-	-	-	-
Interest received	851,294,665	697,946,875	851,294,665	697,946,875
Dividend received	87,631,427	89,339,371	87,631,427	89,339,371
Net cash used in investing activities	3,178,333,357	(5,992,362,058)	3,213,969,995	(5,917,901,149)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities	3,500,000,000	-	3,500,000,000	-
Repayment of debt securities	(500,000,000)	-	(500,000,000)	-
Receipt from issue of subordinated liabilities	-	-	-	-
Repayment of subordinated liabilities	-	-	-	-
Receipt from issue of shares	315,982,336	315,982,336	-	-
Dividends paid	(462,328,095)	(1,614,163,839)	(462,328,095)	(1,614,163,839)
Interest paid	-	-	-	-
Other receipt/payment	(627,345,822)	34,581,301	-	-
Net cash from financing activities	2,226,308,419	(1,263,600,202)	2,537,671,905	(1,614,163,839)
Net increase (decrease) in cash and cash equivalents	277,214,416	(1,099,375,402)	885,418,878	(1,557,481,659)
Cash and cash equivalents at the beginning of the year	12,261,847,651	8,801,746,664	11,098,349,234	8,096,354,503
Cash and cash equivalents acquired from the merger	1,812,575,337	4,463,437,114	1,812,575,337	4,463,437,114
Effect of exchange rate fluctuations on cash and cash equivalents held	91,027,079	96,039,275	91,027,079	96,039,275
Cash and cash equivalents at the end of the year	14,442,664,482	12,261,847,651	13,887,370,526	11,098,349,234

As per our attached report of even date.

Sunil KC
CEO

Pawan Kumar Golyan
Chairman

Krishna Prasad Acharya, FCA
Managing Partner
For, K.M.U. & Associates
Chartered Accountants

Rajnish Dahal, FCA
Managing Partner
For, Dev Associates
Chartered Accountants

Nico Pijl
Director

Jeevan Kumar Katwal
Director

Yogendra Lal Pradhan
Director

Uttam Bhlon
Director

Sirish Kumar Murarka
Director

Pradeep Raj Pandey
Director

Mridul Parajuli
Head Finance & Planning

Date : 29th October, 2021

Place: NMB Bhawan, Babarmahal, Kathmandu

NMB Bank Limited

Statement of Distributable Profit or Loss

For the year ended 31 Asar, 2078 (15 July, 2021)
(As per NRB Regulation)

Particulars	As at 31 Asar 2078	As at 31 Asar 2077
Accumulated profit/(loss) up to last year	120,507,785	166,162,774
Adjustments/restatement/ reclassification (Including Acquisition)	(156,722,355)	-
Adjusted restated balance	(36,214,571)	166,162,774
Income		
Net profit or (loss) as per statement of profit or loss	2,711,073,708	1,712,776,521
Appropriations:		
a. General reserve	(543,689,886)	(342,555,304)
b. Foreign exchange fluctuation fund	(22,756,770)	(24,009,819)
c. Capital redemption reserve	476,604,097	(100,000,000)
d. Corporate social responsibility fund	(3,168,972)	(17,127,765)
e. Employees' training fund	-	-
f. Investment Adjustment Reserve	11,800,000	-
Profit or (loss) before regulatory adjustment	2,629,862,178	1,229,083,633
Regulatory adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	(108,952,206)	316,267,166
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(2,129,008)	52,737,470
e. Deferred tax assets recognised (-)/ reversal (+)	20,773,151	3,470,988
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	(10,988,352)	(17,970,646)
i. Other (+/-)	-	-
- Fair value of investment securities	14,955,128	43,422,918
- Others	-	-
Total Adjustments	(86,341,288)	397,927,896
Distributable profit or (loss)	2,543,520,890	1,793,174,302

NMB Bank Limited

Notes to Consolidated Financial Statements

For the year ended 31 Asar, 2078 (15 July, 2021)

4.1. Cash and Cash Equivalent

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Cash in hand	4,186,789,240	3,746,171,345	4,183,569,620	3,745,462,626
Balances with B/FIs	2,125,937,178	2,864,080,528	1,573,862,842	1,701,290,830
Money at call and short notice	557,476,799	583,487,561	557,476,799	583,487,561
Other	7,572,461,264	5,068,108,217	7,572,461,264	5,068,108,217
Total	14,442,664,482	12,261,847,651	13,887,370,526	11,098,349,234

The fair value of cash is the carrying amount. Cash and cash equivalent comprise the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, treasury bills and placements having original maturity of three months or less than three months.

Cash at vault is adequately insured for physical and financial risks. The amount of cash at vault is maintained on the basis of the regulatory, liquidity and business requirements. Cash held in FCY is subject to risk of changes in the foreign exchange rates. These are closely monitored, and risks, if identified, are promptly managed. The income on these assets is credited to statement of profit or loss under interest income.

4.2. Due from Nepal Rastra Bank

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Statutory balances with NRB	14,567,812,853	10,676,263,607	14,537,812,853	10,655,233,607
Securities purchased under resale agreement	-	-	-	-
Other deposit and receivable from NRB	4,680,692,675	4,594,764,901	4,680,692,675	4,594,764,901
Total	19,248,505,528	15,271,028,507	19,218,505,528	15,249,998,507

The fair value of balance with the central bank and other deposits at NRB is the carrying amount. Balance with the central bank is principally maintained as a part of the regulatory cash reserve ratio required by the central bank. There are regulatory and liquidity restrictions placed on the level of balance with the central bank. The other receivable from NRB is receivable of Li.Ka Accounts of Government bodies. Due from Nepal Rastra Bank is subsequently also measured at amortised cost.

4.3. Placements with Bank and Financial Institutions

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Placement with domestic B/FIs	238,599,375	-	238,599,375	-
Placement with foreign B/FIs	2,478,549,340	3,304,233,792	2,478,549,340	3,304,233,792
Less: Allowances for impairment	-	-	-	-
Total	2,717,148,715	3,304,233,792	2,717,148,715	3,304,233,792

These assets are measured at amortised costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income.

4.4. Derivative Financial Instruments

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	3,065,758,007	1,903,445,961	3,065,758,007	1,903,445,961
Forward exchange contract	13,775,484,127	8,132,529,610	13,775,484,127	8,132,529,610
Others	320,150,000	30,320,400	320,150,000	30,320,400
Held for risk management				
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	17,161,392,134	10,066,295,972	17,161,392,134	10,066,295,972

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices etc. All derivatives are initially recognised and subsequently measured at fair value, with all trading gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Fair value is determined using the forward market rates ruling on the reporting date.

4.5. Other Trading Assets

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Treasury bills	-	-	-	-
Government bonds	2,660,000	266,890,000	2,660,000	266,890,000
NRB Bonds	-	-	-	-
Domestic Corporate bonds	-	-	-	-
Equities	17,460	9,900	-	-
Other	-	-	-	-
Total	2,677,460	266,899,900	2,660,000	266,890,000
Pledged	-	-	-	-
Non-pledged	2,677,460	266,899,900	2,660,000	266,890,000

Citizens Saving Certificates are purchased by the bank under Market Maker Procedure, 2070 issued by the Nepal Rastra Bank. These instruments are purchased and sold by the bank under market procedure without any intention to hold it till maturity. The fair value of these CSCs generally approximates the carrying amount.

4.6. Loan and Advance to B/FIs

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Loans to microfinance institutions	5,262,696,996	4,712,805,049	5,262,696,996	4,712,805,049
Other	-	-	-	-
Less: Allowances for impairment	68,226,319	46,940,471	68,226,319	46,940,471
Total	5,194,470,677	4,665,864,579	5,194,470,677	4,665,864,579

Loan and advances given to microfinance financial institutions as deprived sector lending is presented under this head after providing required impairment allowances. These assets are subsequently measured at amortised costs. Risks associated with these assets are regularly assessed. These are interest bearing advances and the income on these assets is credited to statement of profit or loss under interest income."

4.6.1. Allowances for Impairment

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Balance at Sawan 1	46,940,471	34,147,985	46,940,471	34,147,985
Impairment loss for the year:	-	-	-	-
Charge for the year	19,555,270	7,151,814	19,555,270	7,151,814
Recoveries/reversal	-	-	-	-
Amount written off	-	-	-	-
Transfer from Merger	1,730,578	5,640,671	1,730,578	5,640,671
Balance at Asar end	68,226,319	46,940,471	68,226,319	46,940,471

The impairment on Loans and advances to BFI's carried forward from Erstwhile Kanchan Development Bank after acquisition is NPR. 1,730,578.

4.7. Loans and Advances to Customers

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Loan and advances measured at amortized cost	159,932,592,535	122,503,757,706	155,685,869,615	119,726,263,802
Less: Impairment allowances	-	-	-	-
Collective impairment	2,690,307,497	2,244,051,848	2,672,502,836	2,217,333,199
Individual impairment	2,129,465,061	1,933,949,588	1,999,242,857	1,840,457,937
Net amount	155,112,819,977	118,325,756,270	151,014,123,921	115,668,472,666
Loan and advances measured at FVTPL	-	-	-	-
Total	155,112,819,977	118,325,756,270	151,014,123,921	115,668,472,666

The sum of the outstanding amount of all loans and advances extended to the customers other than BFIs, bills purchased and discounted and amortized cost of staff loans; less the amount of impairment allowances is presented under this head.

4.7.1. Analysis of Loan and Advances - By Product

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Product				
Term loans	41,591,757,391	32,441,966,009	41,591,757,391	32,441,966,009
Overdraft	15,798,372,397	8,584,721,480	15,798,372,397	8,584,721,480
Trust receipt/Import loans	7,280,220,186	4,964,458,918	7,280,220,186	4,964,458,918
Demand and other working capital loans	25,918,370,400	21,431,276,850	25,918,370,400	21,431,276,850
Personal residential loans	12,775,535,269	13,040,550,906	12,775,535,269	13,040,550,906
Real estate loans	4,537,758,388	4,363,978,234	4,537,758,388	4,363,978,234
Margin lending loans	3,903,449,701	540,260,628	3,903,449,701	540,260,628
Hire purchase loans	5,138,106,798	5,307,059,684	5,138,106,798	5,307,059,684
Deprived sector loans	8,318,502,345	4,237,505,100	4,148,962,425	1,533,123,067
Bills purchased	-	-	-	-
Staff loans	1,533,044,729	818,934,123	1,528,390,863	814,680,837
Other	31,703,207,339	24,876,627,622	31,703,207,339	24,876,627,622
Sub total	158,498,324,943	120,607,339,553	154,324,131,157	117,898,704,235
Interest receivable	1,434,267,591	1,896,418,152	1,361,738,458	1,827,559,567
Grand total	159,932,592,535	122,503,757,706	155,685,869,615	119,726,263,802

4.7.2. Analysis of Loan and Advances - By Currency

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Nepalese rupee	153,493,108,218	119,006,102,378	149,246,385,298	116,228,608,474
Indian rupee	-	-	-	-
United State dollar	6,420,403,307	3,477,759,306	6,420,403,307	3,477,759,306
Great Britain pound	-	-	-	-
Euro	19,081,009	19,896,022	19,081,009	19,896,022
Japanese yen	-	-	-	-
Chinese yuan	-	-	-	-
Other	-	-	-	-
Total	159,932,592,535	122,503,757,706	155,685,869,615	119,726,263,802

4.7.3. Analysis of Loan and Advances - By Collateral

Loans and advances to customers are backed by collateral securities to mitigate the default risk. The type of the collaterals corresponding to the loans and advances to customers are given in the table below.

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Secured				
Movable/immovable assets	157,228,319,080	120,284,602,251	154,703,190,330	118,892,073,043
Gold and silver	128,955,689	-	128,955,689	336,629,474
Guarantee of domestic B/FIs	7,613,852	18,898,358	7,613,852	18,898,358
Government guarantee	87,191,907	89,125,832	87,191,907	89,125,832
Guarantee of international rated bank	-	-	-	-
Collateral of export document	-	-	-	-
Collateral of fixed deposit receipt	758,917,838	385,025,416	758,917,838	385,025,416
Collateral of Government securities	-	4,511,679	-	4,511,679
Counter guarantee	-	-	-	-
Personal guarantee	-	-	-	-
Other collateral	1,721,594,170	1,721,594,170	-	-
Subtotal	159,932,592,535	122,503,757,706	155,685,869,615	119,726,263,802
Unsecured	-	-	-	-
Grant Total	159,932,592,535	122,503,757,706	155,685,869,615	119,726,263,802

4.7.4. Allowances for Impairment

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Specific allowances for impairment				
Balance at Sawan 1	1,933,949,588	438,116,822	1,840,457,937	386,943,898
Impairment loss for the year:	-	-	-	-
Charge for the year	-	-	-	-
Recoveries/reversal during the year	7,240,380	1,016,204,324	(29,490,173)	973,885,598
Write-offs	-	-	-	-
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger)	188,275,093	479,628,442	188,275,093	479,628,442
Balance at Asar end	2,129,465,061	1,933,949,588	1,999,242,857	1,840,457,937

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Collective allowances for impairment				
Balance at Sawan 1	2,244,051,848	1,002,624,810	2,217,333,199	977,833,534
Impairment loss for the year:	-	-	-	-
Charge/(reversal) for the year	383,431,309	648,508,948	392,345,297	646,581,575
Exchange rate variance on foreign currency impairment	-	-	-	-
Other movement (Transfer from Merger)	62,824,341	592,918,090	62,824,341	592,918,090
Balance at Asar end	2,690,307,497	2,244,051,848	2,672,502,836	2,217,333,199
Total allowances for impairment	4,819,772,558	4,178,001,435	4,671,745,694	4,057,791,136

The impairment on Loans and advances carried forward from Erstwhile Kanchan Development Bank after acquisition is NPR. 251,099,434.

4.8. Investment Securities

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Investment securities measured at amortized cost	16,918,192,100	14,198,372,451	16,665,279,464	13,969,104,367
Investment in equity measured at FVTOCI	838,740,969	1,069,171,681	788,283,469	1,029,651,681
Total	17,756,933,069	15,267,544,132	17,453,562,933	14,998,756,047

"The Investments made by Bank in financial instruments has been presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. The Treasury Bill with maturity greater than 91 days has been presented under Investment Securities."

4.8.1. Investment Securities Measured at Amortized Cost

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Debt securities	745,607,595	28,657,015	714,439,459	-
Government bonds	13,512,703,426	10,407,212,121	13,512,703,426	10,407,212,121
Government treasury bills	1,946,904,406	2,382,939,572	1,946,904,406	2,382,939,572
Nepal Rastra Bank bonds	-	-	-	-
Nepal Rastra Bank deposits instruments	-	-	-	-
Other Investments	712,976,673	1,379,563,742	491,232,173	1,178,952,673
Less: specific allowances for impairment	-	-	-	-
Total	16,918,192,100	14,198,372,451	16,665,279,464	13,969,104,367

The details of other investment as at 31 Asar 2078 are as follows:

Particulars	Interest Rate	Maturity Date	Face Value (USD)	Carrying Amount (NPR.)
1. Republic of Sri Lanka	4.69%	27-Jul-21	2,500,000	307,017,888
2. Republic of Sri Lanka	4.66%	27-Jul-21	1,500,000	184,214,285
Total				491,232,173

The investment on debt securities include investment on agricultural bond issued by Agriculture Development Bank Limited which is also included in productive sector lending requirement as per NRB Directive.

4.8.2. Investment in Equity Measured at Fair Value through Other Comprehensive Income

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Equity instruments				
Quoted equity securities	762,416,969	941,015,781	713,959,469	903,495,781
Unquoted equity securities	76,324,000	128,155,900	74,324,000	126,155,900
Total	838,740,969	1,069,171,681	788,283,469	1,029,651,681

NMB Bank Limited

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For the year ended 31 Asar 2078

4.8.3. Information relating to Investment in Equities

Particulars	Group			NMB		
	As at 31 Asar 2078		As at 31 Asar 2077		As at 31 Asar 2077	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity - Units of NMB Only						
NMB Hybrid Fund-I (15,261,921 Units)	162,119,210	221,975,222	162,649,210	154,488,250	152,619,210	144,988,250
Laxmi Equity Fund	-	-	71,331,883	61,561,033	-	61,561,033
NIC Asia Growth Fund	-	-	20,000,000	20,380,000	-	20,380,000
Sanima Equity Fund	-	-	44,000,000	43,692,000	-	43,692,000
Citizen Mutual Fund-I (73,135 Units)	731,348	920,038	30,000,000	30,180,000	731,348	30,180,000
Global IME Samunnat Scheme-1 (3,797,270 Units)	37,972,700	77,008,636	37,972,700	32,580,577	37,972,700	32,580,577
NIBL Samriddhi Fund I	-	-	7,909,730	7,848,146	-	7,848,146
NIBL Samriddhi Fund II (500,000 Units)	5,000,000	5,405,000	-	-	5,000,000	-
Nabil Equity Fund	-	-	14,362,910	13,400,595	-	13,400,595
NIBL Pragati Fund (1875 Units)	18,730	27,844	10,274,070	8,373,367	18,730	8,373,367
Siddhartha Equity Fund	-	-	9,677,480	9,677,480	-	9,677,480
Citizens Mutual Fund-II (147,050 Units)	1,470,500	2,080,758	2,000,000	2,012,000	1,470,500	2,012,000
Sunrise Mutual Fund-I	1,000,000	1,600,000	6,000,000	6,000,000	-	5,000,000
Sunrise BlueChip Fund (2,000,000 Units)	20,000,000	20,320,000	-	-	20,000,000	-
Prabhu Select Fund (1,000,000 Units)	10,000,000	10,140,000	-	-	10,000,000	-
Laxmi Unnati Kosh (14,350 Units)	143,500	181,097	-	-	143,500	-
Kumari Equity Fund (500,000 Units)	5,000,000	5,250,000	-	-	5,000,000	-
NABIL BALANCED FUND-2	-	-	20,000,000	19,800,000	-	19,800,000
NMB 50 (17,701,670 Units)	189,516,700	283,327,467	189,516,700	189,516,700	177,016,700	177,016,700
Nepal Doorsanchar Company Ltd.	-	-	38,045,756	34,062,620	-	34,062,620
Api Power Company Ltd.	-	2,015	-	540	-	540
Barun Hydropower Co. Ltd.	-	-	1,000	840	-	840
Ridi Hydro Power Ltd.	-	-	38,600	40,572	-	40,572
Butwal Power Company Ltd.	-	-	212,052,771	184,403,581	-	184,403,581

Particulars	Group				NMB			
	As at 31 Asar 2078		As at 31 Asar 2077		As at 31 Asar 2078		As at 31 Asar 2077	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Sanima Mai Hydropower Ltd.	-	-	5,883,915	4,083,353	-	-	5,883,915	4,083,353
CEDB Hydro Fund Ltd. - Promoter Shares (119,892 Units)	10,000,000	11,989,200	10,000,000	11,989,200	10,000,000	11,989,200	10,000,000	11,989,200
Shiva Shree Hydropower Ltd - Promoter Shares (100,000 Units)	10,000,000	10,000,000	-	-	10,000,000	10,000,000	-	-
Chilime Hydropower Company Limited	-	-	1,894,758	1,810,502	-	-	1,894,758	1,810,502
Jalvidhyut Lagani Tatha Bikash Company Ltd.	-	-	-	61,579	-	-	-	61,579
Lumbini General Insurance Co. Ltd. - Promoter Shares (61,144 Units)	4,016,713	20,238,664	4,016,713	12,225,539	4,016,713	20,238,664	4,016,713	12,225,539
Nepal Life Insurance Co. Ltd.	-	-	9,971,704	13,419,000	-	-	9,971,704	13,419,000
Prabhu Insurance Company Limited (9 Units)	-	8,640	-	-	-	8,640	-	-
Sagarmatha Insurance Co. Ltd.	-	-	3,556,188	3,374,700	-	-	3,556,188	3,374,700
Shikhar Insurance Co. Ltd.	-	-	6,144,908	6,114,000	-	-	6,144,908	6,114,000
Premier Insurance Co. Ltd. (769 Units)	-	899,730	-	-	-	899,730	-	-
Himalayan General Insurance Co. Ltd (1 Units)	-	768	-	-	-	768	-	-
United Insurance Co. (Nepal) Ltd.	-	-	585,700	1,962,480	-	-	585,700	1,962,480
NLG Insurance Company Limited (5 Units)	-	500	-	5,400	-	500	-	5,400
Siddhartha Insurance Ltd.	-	-	2,197,428	1,566,000	-	-	2,197,428	1,566,000
National Life Insurance Co. Ltd.	-	-	2,500,429	2,463,964	-	-	2,500,429	2,463,964
Rural Microfinance Development Center Ltd.	-	-	-	546,079	-	-	-	546,079
Laxmi Laghubitta Sanstha Limited	-	-	-	6,070	-	-	-	6,070
Mero Micro Finance Bittiya Sanstha Ltd. (15 Units)	981	23,190	6,800	59,986	981	23,190	6,800	59,986
Mahila Sahayatra Microfinance Bittiya Sanstha Ltd. (2 Units)	-	2,518	2,000	16,720	-	2,518	2,000	16,720
NIC Asia Laghubittya Sanstha Ltd. - Promoter Shares (64,860 Units)	5,375,000	6,486,000	-	-	5,375,000	6,486,000	-	-
Mero Microfinance Bittiya Sanstha Ltd. Promoter Shares (699,999 Units)	37,023,000	69,999,900	37,023,000	59,859,800	37,023,000	69,999,900	37,023,000	59,859,800
Mirmire Microfinance Development Bank Ltd.	-	-	2,500	43,152	-	-	2,500	43,152
Global IME Laghubitta Bittiya Sanstha Ltd.(1 Units)	-	2,508	2,500	38,222	-	2,508	2,500	38,222
Womi Microfinance Bittiya Sanstha Ltd.	-	-	3,900	46,046	-	-	3,900	46,046
Vijaya laghubitta Bittiya Sanstha Ltd. (4 Units)	-	7,276	-	3,060	-	7,276	-	3,060

Citizen Investment Trust	-	-	288,273	371,484	-	-	288,273	371,484
Soaltee Hotel Limited	-	-	721,759	389,620	-	-	721,759	389,620
Samudayak Laghubitta Bittaya Sanstha Ltd. (Promoter Shares)	14,520,000	14,520,000	11,000,000	14,520,000	-	-	-	-
Kalika Microcredit Development Bank Ltd.	-	-	-	10,725	-	-	-	10,725
Total	513,908,382	762,416,969	971,635,283	953,004,981	476,388,382	713,959,469	937,105,283	915,484,981
Investment in unquoted equity – Units of NMB Only								
Nepal Stock Exchange Limited (716 Units)	5,000	71,600	5,000	71,600	5,000	71,600	5,000	71,600
Nepal Clearing House Limited (144,469 Units)	5,268,200	14,446,900	5,268,200	10,468,900	5,268,200	14,446,900	5,268,200	10,468,900
Credit Information Bureau Limited (28,055 Units)	216,000	2,805,500	216,000	2,126,200	216,000	2,805,500	216,000	2,126,200
Nepal Warehousing Company Ltd. (70,000 Units)	7,000,000	7,000,000	-	-	7,000,000	7,000,000	-	-
Nepal Finsoft Company Ltd.	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
Prabhu Merchant Bank Ltd	-	-	1,500,000	1,500,000	-	-	1,500,000	1,500,000
Mahalaxmi Life Insurance Co.Ltd (500,000 Units)	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Siddhartha Investment Growth Scheme - 2	-	-	50,000,000	50,000,000	-	-	50,000,000	50,000,000
Total	64,489,200	76,324,000	129,989,200	142,675,900	62,489,200	74,324,000	106,989,200	114,166,700
Grand Total	578,397,582	838,740,969	1,080,624,483	1,069,171,681	538,877,582	788,283,469	1,044,094,483	1,029,651,681

The face value of Mutual Fund is NPR 10 and face value of ordinary and promoter shares are NPR 100 per unit. Unless specified type of shares are ordinary shares.

Treasury bills, Government bonds and USD Bonds have been classified as financial assets held to maturity instrument as the Bank has intention and capacity to hold these instruments until their maturity. These instruments are carried at amortised costs. These instruments are issued by the government. Bank considers that the fixed return on these bonds adequately compensates for associated risks. Premiums paid on development Bonds are considered for the EIR calculation and the balance outstanding have been measured accordingly. Interest accrued on Development Bonds and T-Bills are shown as part of the Investments.

None of the equity investments result in control or significant influence over the invested entities. These investments have been classified as available for sale assets. The movement in fair value of these instruments has been adjusted through other comprehensive income.

The Bank has invested NPR 177,016,700 in NMB 50 and NPR 152,619,210 in NMB Hybrid Fund-1 as Seed Capital. For both Mutual Funds, the Bank is the Fund Sponsor while the Bank's Subsidiary NMB Capital Limited is the Fund Manager. These investment have been made as per the requirement of "Mutual Fund Regulation 2067" issued by the Securities Board of Nepal (SEBON) to invest seed money by the Fund Sponsor/Manager. The cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading.

4.9. Current Tax Assets

The advance deposited by the bank less tax liabilities are presented under this head:

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Current tax assets				
Current year income tax assets	1,369,701,004	948,694,757	1,232,410,602	780,007,909
Tax assets of prior periods	43,148,478	-	43,148,478	-
Total Current tax Assets	1,412,849,482	948,694,757	1,275,559,079	780,007,909
Current tax liabilities				
Current year income tax liabilities	1,313,623,719	880,440,150	1,182,813,545	718,547,028
Tax liabilities of prior periods	-	-	-	-
Total Current tax Liabilities	1,313,623,719	880,440,150	1,182,813,545	718,547,028

The movement of Advance tax as of Asar end 2078 is given below:

Particulars	Amount (NPR)
A. Advance Income Tax carried forward from previous year	61,460,881
B. Advance Tax Instalments FY 2077/78	1,200,000,000
C. Tax Withheld by Withholder FY 2077/78	28,698,096
D. Transferred from Merger	3,712,506
E. Deposit for tax cases	-
F. Provision for Income tax for FY 2077/78	1,182,813,545
G. Tax Audit Adjustments after year end	18,312,403
Net Advance Tax (A+B+C-D-E-F-G)	92,745,535

4.10. Investment in Subsidiaries

Particulars	NMB	
	As at 31 Asar 2078	As at 31 Asar 2077
Investment in quoted subsidiaries	172,487,600	172,487,600
Investment in unquoted subsidiaries	200,000,000	200,000,000
Total investment	372,487,600	372,487,600
Less: Impairment allowances	-	-
Net carrying amount	372,487,600	372,487,600

4.10.1. Investment in Quoted Subsidiaries

Particulars	NMB			
	As at 31 Asar 2078		As at 31 Asar 2077	
	Cost	Fair Value	Cost	Fair Value
NMB Laghubitta Bittiya Sanstha Limited, 2,753,004 Promoter shares and 16 Ordinary Shares of Rs 100 each fully paid up	172,487,600	172,487,600	172,487,600	172,487,600
Total	172,487,600	172,487,600	172,487,600	172,487,600

4.10.2. Investment in Unquoted Subsidiaries

Particulars	NMB			
	As at 31 Asar 2078		As at 31 Asar 2077	
	Cost	Fair Value	Cost	Fair Value
NMB Capital Ltd., 2,000,000 Ordinary shares of Rs 100 each fully paid up	200,000,000	200,000,000	200,000,000	200,000,000
Total	200,000,000	200,000,000	200,000,000	200,000,000

4.10.3. Information relating to Subsidiaries of the Bank

Particulars	Percentage of Ownership held by the Bank	
	As at 31 Asar 2078	As at 31 Asar 2077
NMB Capital Limited	100%	100%
NMB Laghubitta Bittiya Sanstha Limited	51%	51%

4.10.4. Non Controlling Interest of the Subsidiaries

Particulars	Group	
	As at 31 Asar 2078	As at 31 Asar 2077
Equity interest held by NCI (%)	49%	49%
Profit/(loss) allocated during the year	96,217,203	38,603,924
Accumulated balances of NCI as on year end	466,605,880	372,476,067
Dividend paid to NCI	2,222,726	1,253,417

4.11. Investment in Associates

The Bank do not have any investment in associates as of fiscal year end 2078.

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Investment in quoted associates	–	–	–	–
Investment in unquoted associates	–	–	–	–
Total investment	–	–	–	–
Less: Impairment allowances	–	–	–	–
Net carrying amount	–	–	–	–

4.11.1. Investment in Quoted Associates

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	–	–	–	–
..... Ltd. shares of Rs. each	–	–	–	–
.....	–	–	–	–
Total	–	–	–	–

4.11.2. Investment in Unquoted Associates

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
	Cost	Fair Value	Cost	Fair Value
..... Ltd. shares of Rs. each	–	–	–	–
..... Ltd. shares of Rs. each	–	–	–	–
.....	–	–	–	–
Total	–	–	–	–

4.11.3. Information relating to Associates of the Bank

Particulars	Group		NMB	
	Percentage of Ownership held by the Bank		Percentage of Ownership held by the Bank	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
..... Ltd.	–	–	–	–
..... Ltd.	–	–	–	–
..... Ltd.	–	–	–	–
..... Ltd.	–	–	–	–
.....	–	–	–	–

4.11.4. Equity Value of Associates

Particulars	Group	
	As at 31 Asar 2078	As at 31 Asar 2077
..... Ltd.	–	–
..... Ltd.	–	–
.....	–	–
Total	–	–

4.12. Investment Properties

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Investment properties measured at fair value				
Balance as on Sawan 1	79,648,242	102,915,862	79,648,242	102,915,862
Addition/disposal during the year	3,379,377	(23,267,620)	3,379,377	(23,267,620)
Net changes in fair value during the year	–	–	–	–
Transfer from Merger	14,914,641	–	14,914,641	–
Net amount	97,942,260	79,648,242	97,942,260	79,648,242
Investment properties measured at cost				
Balance as on Sawan 1	–	–	–	–
Addition/disposal during the year	–	–	–	–
Adjustment/transfer	–	–	–	–
Accumulated depreciation	–	–	–	–
Accumulated impairment loss	–	–	–	–
Net amount				

As per NAS 40 'Investment Property' (land and building acquired as non banking assets) are measured at fair value.

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale & Discontinued Operations”. The Group has recognized as investment property all land or land and building acquired as non banking assets.

Non banking assets (only land and building) are initially recognized at fair value, since it is not intended for owner-occupied use; depreciation charge is not raised.

The details of Non-Banking Assets as of Asar end, 2078 are as follows:

Party's Name	Date NBA is assumed	Amount (NPR)
1. Guna Suppliers	16-Jul-15	4,508,880
2. Kamdhenu Mahila Dugdha Utpadak Ssl	16-Nov-17	785,000
3. Ankita Impex	4-Mar-18	13,936,000
4. Jalthal Live Stock P. Ltd	4-Sep-18	2,200,000
5. Factory Outlet And Clothing Store	18-Jun-18	15,530,000
6. China Hygienic Meat Pro & Sup P.Ltd	15-Jul-18	14,902,000
7. China Hygienic Meat Pro & Sup P.Ltd	9-Feb-18	6,612,125
8. Eastern Shoe Centre	1-Feb-19	4,041,500
9. Chandrakala Limbang	1-Feb-19	466,000
10. Mauni Traders	1-Mar-19	3,120,000
11. Ujjwal Trading & Supplier	9-Jan-19	4,650,384
12. Babu Rai	9-Jan-19	1,574,853
13. Rtc-Teechnology Nepal	13-Jan-19	72,000
14. Evergreen	8-Feb-19	3,745,000
15. Laxmi Trading Company	10-Jan-20	4,377,496
16. All Sport House	10-Jan-20	8,682,608
17. Niruta Gift Center	13-Mar-20	1,854,537
18. Sister's Fashion Collection	13-Jan-21	6,883,878
Total		97,942,260

4.13. Property and Equipment

Particulars	Group								Total
	Land	Building	Leasehold	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Other	
Cost									
As on Sawan 1, 2076	824,071,405	170,396,453	266,472,358	208,626,222	368,042,299	108,255,877	399,161,745	116,457,908	2,461,484,267
Addition during the Year									-
Acquisition	14,172,950	14,397,275	122,146,617	60,911,262	55,004,495	50,465,890	10,176,807	81,867,192	409,142,489
Capitalization	-	412,351	39,552,113	24,958,070	92,511,695	9,723,938	34,521,071	4,448,978	206,128,215
Disposal during the year	-	-	-	(25,502)	(33,884,900)	-	(59,890)	(820)	(33,971,112)
Adjustment/Revaluation	-	-	-	12,903	(200)	12,598	-	(166,607)	(141,306)
Balance as on Asar end 2077	838,244,355	185,206,079	428,171,087	294,482,956	481,673,388	168,458,304	443,799,733	202,606,651	3,042,642,553
Addition during the Year									-
Acquisition	55,151,840	5,457,585	21,221,090	12,422,679	11,766,893	16,627,242	1,384,050	37,152,724	161,184,103
Capitalization	-	16,018	28,837,045	24,980,913	50,680,770	10,536,983	20,556,900	5,908,527	141,517,155
Disposal during the year	-	-	(65,130,334)	(38,041,294)	(35,732,655)	(14,776,944)	(29,136,391)	(29,346,436)	(212,164,054)
Adjustment/Revaluation	-	-	-	12,903	(200)	12,598	-	(166,607)	(141,306)
Balance as on Asar end 2078	893,396,195	190,679,681	413,098,888	293,858,157	508,388,197	180,858,183	436,604,292	216,154,859	3,133,038,452
Depreciation and Impairment									-
As on Sawan 1, 2076	-	42,335,671	139,707,741	134,433,538	174,763,353	67,129,490	200,733,254	85,803,604	844,906,652
Depreciation charge for the Year	-	-	665,581	3,426,750	3,278,591	2,578,466	-	85,191	10,034,579
Impairment for the year	-	4,290,963	32,669,209	28,636,121	68,528,976	10,673,167	49,610,913	13,612,212	208,021,560
Disposals	-	-	-	-	(28,979,492)	-	(275,409)	-	(29,254,901)
Adjustment	-	8,197,276	58,010,191	37,424,297	34,330,593	31,828,337	6,955,581	46,942,231	223,688,506
As on Asar end 2077	-	54,823,909	231,052,721	203,920,706	251,922,022	112,209,460	257,024,339	146,443,239	1,257,396,397
Depreciation charge for the Year	-	-	672,854	3,159,349	3,071,511	1,833,236	-	848,763	9,585,711
Impairment for the year	-	4,458,539	34,771,513	33,429,363	74,945,780	13,590,259	49,456,646	19,743,693	230,395,793
Disposals	-	-	(36,070,738)	(37,375,238)	(35,051,004)	(13,090,146)	(28,356,004)	(27,961,918)	(177,905,049)
Adjustment	-	569,890	8,003,949	5,414,619	4,132,111	6,965,346	638,927	14,765,369	40,490,210
As on Asar end 2078	-	59,852,339	238,430,299	208,548,798	299,020,420	121,508,154	278,763,907	153,839,145	1,359,963,063

Capital Work in Progress										-
Net Book Value										-
As on Asar end 2076	824,071,405	128,060,782	126,764,617	74,192,684	193,278,946	41,126,387	198,428,490	30,654,304		1,616,577,616
As on Asar end 2077	838,244,355	130,382,170	197,118,366	90,562,249	229,751,366	56,248,844	186,775,394	56,163,412		1,785,246,156
As on Asar end 2078	893,396,195	130,827,342	174,668,589	85,309,359	209,367,777	59,350,028	157,840,385	62,315,713		1,773,075,389
NMB										
Particulars	Land	Building	Leasehold	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Other	Total	
Cost										
As on Sawan 1, 2076	824,071,405	170,396,453	257,384,573	187,184,309	344,671,417	84,366,953	399,161,745	115,672,877		2,382,909,732
Addition during the Year										
Acquisition	14,172,950	14,397,275	122,146,617	60,911,262	55,004,495	50,465,890	10,176,807	81,867,192		409,142,489
Capitalization	-	412,351	39,365,144	24,753,464	92,511,695	9,322,868	34,521,071	4,266,405		205,152,998
Disposal during the year	-	-	-	-	(33,884,900)	-	(59,890)	-		(33,944,790)
Adjustment/Revaluation	-	-	-	-	-	-	-	-		-
Balance as on Asar end 2077	838,244,355	185,206,079	418,896,334	272,849,036	458,302,706	144,155,712	443,799,733	201,806,474		2,963,260,428
Addition during the Year										
Acquisition	55,151,840	5,457,585	21,221,090	12,422,679	11,766,893	16,627,242	1,384,050	37,152,724		161,184,103
Capitalization	-	16,018	28,791,935	18,483,170	50,680,770	8,027,467	20,556,900	3,124,126		129,680,386
Disposal during the year	-	-	(65,130,334)	(37,829,600)	(35,701,900)	(14,735,868)	(29,136,391)	(29,228,710)		(211,762,804)
Adjustment/Revaluation	-	-	-	-	-	-	-	-		-
Balance as on Asar end 2078	893,396,195	190,679,681	403,779,024	265,925,285	485,048,470	154,074,552	436,604,292	212,854,614		3,042,362,113
Depreciation and Impairment										
As on Sawan 1, 2076	-	42,335,671	135,009,210	124,552,755	162,406,583	54,402,647	200,733,254	85,570,907		805,011,027
Depreciation charge for the Year	-	-	-	-	-	-	-	-		-
Impairment for the year	-	4,290,963	32,669,209	28,636,121	68,528,976	10,673,167	49,346,924	13,612,212		207,757,571
Disposals	-	-	-	-	(28,979,492)	-	(11,420)	-		(28,990,912)
Adjustment	-	8,197,276	58,010,191	37,424,297	34,330,593	31,828,337	6,955,581	46,942,231		223,688,506
As on Asar end 2077	-	54,823,909	225,688,610	190,613,173	236,286,661	96,904,151	257,024,339	146,125,350		1,207,466,193

Particulars	Land	Building	Leasehold	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Other	Total
Depreciation charge for the Year									-
Impairment for the year		4,458,539	34,771,513	33,429,363	74,945,780	13,590,259	49,456,646	19,743,693	230,395,793
Disposals			(36,070,738)	(37,375,238)	(35,051,004)	(13,090,146)	(28,356,004)	(27,961,918)	(177,905,049)
Adjustment		569,890	8,003,949	5,414,619	4,132,111	6,965,346	638,927	14,765,369	40,490,210
As on Asar end 2078	-	59,852,339	232,393,334	192,081,916	280,313,548	104,369,610	278,763,907	152,672,494	1,300,447,148
Capital Work in Progress									
Net Book Value									
As on Asar end 2076	824,071,405	128,060,782	122,375,362	62,631,554	182,264,834	29,964,306	198,428,490	30,101,971	1,577,898,704
As on Asar end 2077	838,244,355	130,382,170	193,207,724	82,235,863	222,016,045	47,251,560	186,775,394	55,681,123	1,755,794,235
As on Asar end 2078	893,396,195	130,827,342	171,385,691	73,843,369	204,734,922	49,704,942	157,840,385	60,182,120	1,741,914,965

4.14. Goodwill and Intangible Assets

Group

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Sawan 1, 2076	-	167,467,651	-	-	167,467,651
Addition during the Year	-	-	-	-	-
Acquisition	-	22,933,450	-	-	22,933,450
Capitalization	-	37,948,997	-	-	37,948,997
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077	-	228,350,098	-	-	228,350,098
					-
Addition during the Year					-
Acquisition	-	11,464,713	-	-	11,464,713
Capitalization	-	27,761,704	-	-	27,761,704
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2078	-	267,576,516	-	-	267,576,516
					-
Amortization and Impairment					-
As on Sawan 1, 2076	-	50,794,481	-	-	50,794,481
Amortization charge for the Year	-	34,363,759	-	-	34,363,759
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	18,900,785	-	-	18,900,785
As on Asar end 2077	-	104,059,025	-	-	104,059,025
					-
Amortization charge for the Year	-	39,734,851	-	-	39,734,851
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment (Acquisition)	-	5,700,003	-	-	5,700,003
As on Asar end 2078	-	149,493,878	-	-	149,493,878
					-
Capital Work in Progress		2,983,775			2,983,775
					-
Net Book Value					-
As on Asar end 2076	-	116,673,171	-	-	116,673,171
As on Asar end 2077	-	127,274,848	-	-	127,274,848
As on Asar end 2078	-	121,066,412	-	-	121,066,412

NMB

Particulars	Goodwill	Software		Other	Total
		Purchased	Developed		
Cost					
As on Sawan 1, 2076	-	164,552,707	-	-	164,552,707
Addition during the Year	-	-	-	-	-
Acquisition	-	22,933,450	-	-	22,933,450
Capitalization	-	37,349,497	-	-	37,349,497
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2077	-	224,835,654	-	-	224,835,654
Addition during the Year					
Acquisition	-	11,464,713	-	-	11,464,713
Capitalization	-	22,839,997	-	-	22,839,997
Disposal during the year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as on Asar end 2078	-	259,140,365	-	-	259,140,365
Amortization and Impairment					
As on Sawan 1, 2076	-	49,143,908	-	-	49,143,908
Amortization charge for the Year	-	33,925,800	-	-	33,925,800
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Adjustment	-	18,900,785	-	-	18,900,785
As on Asar end 2077	-	101,970,493	-	-	101,970,493
Amortization charge for the Year	-	39,082,351	-	-	39,082,351
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Acquisition	-	5,700,003	-	-	5,700,003
As on Asar end 2078	-	146,752,847	-	-	146,752,847
Capital Work in Progress as on Asar end 2078		153,228			153,228
Net Book Value					
As on Asar end 2076	-	115,408,800	-	-	115,408,800
As on Asar end 2077	-	125,848,936	-	-	125,848,936
As on Asar end 2078	-	112,540,746	-	-	112,540,746

4.15. Deferred Tax

The creation of Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) has a bearing on the computation of capital adequacy ratio and banks' ability to declare dividends. DTA represents unabsorbed depreciation, difference between carrying amount as per books of accounts and tax including carry forward losses which can set-off against assets future taxable income which is considered as timing difference. DTA has an effect of decreasing future income tax payments which indicates that they are prepaid income taxes and meet the definition of assets. DTA is deducted from Tier I capital, if deferred tax reserve is included already thereon. Deferred tax (assets)/liabilities have been recognised as per the provision of Nepal Accounting Standard (NAS -09)

Particulars	Group				NMB	
	Year ended 31 Asar 2078		Year ended 31 Asar 2078		Year ended 31 Asar 2078	
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	20,467,896	20,467,896	-	20,467,896	20,467,896	-
Loans and advances to customers	1,401,523,708	1,423,282,448	(21,758,740)	1,401,523,708	1,401,523,708	-
Investment properties	-	-	-	-	-	-
Investment securities	2,622,500	78,565,758	(75,943,258)	-	76,698,063	(76,698,063)
Property & equipment	563,708,898	567,726,355	(4,017,457)	552,133,079	556,336,713	(4,203,634)
Employees' defined benefit plan	171,584,565	-	171,584,565	162,582,022	-	162,582,022
Lease liabilities	-	-	-	-	-	-
Provisions	2,008,148	-	2,008,148	1,663,301	-	1,663,301
Deferred tax on temporary differences	2,161,915,715	2,090,042,456	71,873,258	2,138,370,006	2,055,026,380	83,343,625
Deferred tax on carry forward of unused tax losses	165,665,940	-	165,665,940	165,665,940	-	165,665,940
Deferred tax due to changes in tax rate	-	-	-	-	-	-
Net Deferred tax asset/(liabilities) as on 31 Asar 2078			237,539,198			249,009,565
Deferred tax (asset)/liabilities as on 31 Asar 2077			(255,210,455)			(264,421,080)
Origination/(Reversal) during the year			(17,671,257)			(15,411,515)
Deferred tax expense/(income) recognised in profit or loss			(53,276,748)			(51,820,778)
Deferred tax expense/(income) recognised in other comprehensive income			78,393,907			74,888,187
Deferred tax expense/(income) recognised in directly in equity (Merger/Recycling)			(7,445,902)			(7,655,895)

The opening deferred tax assets has been carried forward from Erstwhile Kanchan Development Bank from merger amounting NPR. 5,361,636. The Deferred Tax Liability created last year on profit transferred to OCI has been reclassified to Retained Earnings this year. The reconciliation is given below:

Particulars	NMB DTA	E-KDBL DTA	Opening Total	Recognized in PI/OCI	DTL/DTA Recycling	Closing Total
OCI Items	30,704,060		1,265,306	31,969,366	(74,888,187)	(40,624,562)
PL Items	233,717,020		4,096,330	237,813,350	51,820,778	289,634,128
Total	264,421,080		5,361,636	269,782,716	(23,067,409)	249,009,566

Particulars	Group			NMB		
	Year ended 31 Asar 2077			Year ended 31 Asar 2077		
	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets (Liabilities)	Deferred Tax Assets	Deferred Tax Liabilities	Net Deferred Tax Assets (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs	14,082,141	14,082,141	-	14,082,141	14,082,141	-
Loans and advances to customers	1,217,337,341	1,237,994,917	(20,657,576)	1,217,337,341	1,217,337,341	-
Investment properties	-	-	-	-	-	-
Investment securities	3,518,836	1,139,314	2,379,523	-	(128,381)	128,381
Property & equipment	590,664,368	570,625,755	20,038,613	582,270,257	564,492,951	17,777,306
Employees' defined benefit plan	94,645,032	-	94,645,032	88,170,326	-	88,170,326
Lease liabilities	-	-	-	-	-	-
Provisions	2,123,097	-	2,123,097	1,663,301	-	1,663,301
Deferred tax on temporary differences	1,922,370,816	1,823,842,127	98,528,689	1,903,523,366	1,795,784,052	107,739,314
Deferred tax on carry forward of unused tax losses	156,681,766	-	156,681,766	156,681,766	-	156,681,766
Deferred tax due to changes in tax rate	-	-	-	-	-	-
Net Deferred tax asset/(liabilities) as on 31 Asar 2077			255,210,455			264,421,080
Deferred tax (asset)/liabilities as on 31 Asar 2076			(65,559,281)			(70,040,593)
Origination/(Reversal) during the year			189,651,174			194,380,487
Deferred tax expense/(income) recognised in profit or loss			92,660			(3,561,365)
Deferred tax expense/(income) recognised in other comprehensive income			8,106,470			7,032,350
Deferred tax expense/(income) recognised in directly in equity			(197,850,302)			(197,851,472)

4.16. Other Assets

Other Asset include accounts receivable, interest receivable, accrued income, prepayments, deposit, deferred employee benefits and stationery stock details presented as follows:

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Assets held for sale	-	-	-	-
Other non banking assets	-	-	-	-
Bills receivable	-	-	-	-
Accounts receivable	219,188,313	177,237,063	212,986,006	153,279,031
Accrued income	14,542,056	28,190,766	14,542,056	28,190,766
Prepayments and deposit	184,447,493	115,777,913	183,360,129	115,668,513
Income tax deposit	53,479,640	53,479,640	53,479,640	53,479,640
Deferred employee expenditure	1,516,191,950	1,085,590,826	1,516,191,950	1,085,590,826
Others:				
Advance Gold and Silver	137,685,311	-	137,685,311	-
Stock of Stationery	40,600,976	37,789,991	38,953,896	37,184,357
Fuel Stock	-	-	-	-
Gold Markup	73,683,210	-	73,683,210	-
Others	3,803,029	4,414,637	101,130	-
Total	2,243,621,977	1,502,480,835	2,230,983,328	1,473,393,132

The provision outstanding as of Asar end 2078 of NMB includes IPO receivables of erstwhile Bank of Asia and deposit of capital merchant finance amounting NPR. 5,544,336 and NPR. 2,763,544 respectively and are netted off with receivables and Cash and Cash Equivalent respectively

4.17. Due to Bank and Financial Institutions

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Money market deposits	-	-	-	-
Interbank borrowing	-	-	-	-
Other deposits from BFIs	-	-	-	-
Settlement and clearing accounts	-	-	-	-
Other deposits from BFIs	1,964,515,728	3,150,014,840	1,964,515,728	3,150,014,840
Total	1,964,515,728	3,150,014,840	1,964,515,728	3,150,014,840

4.18. Due to Nepal Rastra Bank

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Refinance from NRB	3,609,019,770	548,002,033	3,609,019,770	548,002,033
Standing Liquidity Facility	-	-	-	-
Lender of last report facility from NRB	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Other payable to NRB	3,988,962,275	4,284,499,510	3,988,962,275	4,284,499,510
Total	7,597,982,045	4,832,501,544	7,597,982,045	4,832,501,544

The Bank has an outstanding borrowing of NPR 3,609,019,770 (Schedule 4.18) from the Central Bank under Refinancing Facility available to Financial Institutions. The other payable to NRB is payable of Li.Ka Accounts of Government bodies. Due to Nepal Rastra Bank is subsequently measured at amortised cost.

4.19. Derivative financial instruments

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Held for trading				
Interest rate swap	-	-	-	-
Currency swap	3,042,929,732	1,929,216,805	3,042,929,732	1,929,216,805
Forward exchange contract	13,763,956,644	8,048,554,459	13,763,956,644	8,048,554,459
Others	320,150,000	30,441,406	320,150,000	30,441,406
Held for risk management	-	-	-	-
Interest rate swap	-	-	-	-
Currency swap	-	-	-	-
Forward exchange contract	-	-	-	-
Other	-	-	-	-
Total	17,127,036,376	10,008,212,670	17,127,036,376	10,008,212,670

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices etc. Derivatives are categorised as trading unless they are designated as hedging instruments. All derivatives are initially recognised and subsequently measured at fair value, with all trading gains or losses recognised in the Statement of Profit or Loss under Net trading Income. Fair value is determined using the forward market rates ruling on the reporting date.

4.20. Deposits from customers

All deposits account other than deposit from bank and financial institutions (local and foreign bank and NRB)

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Institutions customers:				
Term deposits	39,159,171,452	33,198,582,895	39,159,171,452	33,198,582,895
Call deposits	14,135,854,620	9,938,961,813	14,442,474,414	10,782,602,657
Current deposits	9,407,236,787	8,115,763,797	9,407,236,787	8,115,763,797
Other	6,253,463,637	4,872,652,056	6,253,463,637	4,872,652,056
Individual customers:				
Term deposits	42,304,426,856	36,753,374,336	42,304,426,856	36,753,374,336
Saving deposits	53,947,831,325	38,986,251,258	52,274,019,505	37,517,098,463
Current deposits	388,158,507	263,384,873	388,158,507	263,384,873
Other	260,334,680	156,909,276	260,334,680	156,909,276
Total	165,856,477,862	132,285,880,304	164,489,285,837	131,660,368,354

4.20.1. Currency wise analysis of deposit from customers

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Nepalese rupee	161,359,045,739	126,800,932,313	159,991,853,713	126,175,420,362
Indian rupee	-	-	-	-
United State dollar	4,242,414,737	4,032,292,743	4,242,414,737	4,032,292,743
Great Britain pound	10,374,730	9,675,257	10,374,730	9,675,257
Euro	23,578,283	1,231,994,351	23,578,283	1,231,994,351
Japanese yen	-	-	-	-
Chinese yuan	212,405,078	198,010,966	212,405,078	198,010,966
Other	8,659,296	12,974,674	8,659,296	12,974,674
Total	165,856,477,863	132,285,880,305	164,489,285,837	131,660,368,354

4.21. Borrowing

The bank has offshore borrowing amounting USD 40 Mio. from International Financial Corporation(IFC), USD 6 Mio. from CDC Group, London, USD 15 Mio. from Opec fund for International Development and NPR. 169.56 Mio. from Micro small and medium enterprises bonds, S.A, Luxembourg.

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Domestic Borrowing				
Nepal Government	-	-	-	-
Other Institutions	1,795,616,200	1,301,841,701	-	-
Other	-	-	-	-
Sub total	1,795,616,200	1,301,841,701	-	-
Foreign Borrowing				
Foreign Bank and Financial Institutions	5,655,060,000	3,416,310,000	5,655,060,000	3,416,310,000
Multilateral Development Banks	1,788,750,000	-	1,788,750,000	-
Other Institutions	-	-	-	-
Sub total	7,443,810,000	3,416,310,000	7,443,810,000	3,416,310,000
Total	9,239,426,200	4,718,151,701	7,443,810,000	3,416,310,000

4.22. Provisions

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Provisions for redundancy	-	-	-	-
Provision for restructuring	-	-	-	-
Pending legal issues and tax litigation	-	-	-	-
Onerous contracts	-	-	-	-
Other	1,703,106	2,125,593	-	-
Total	1,703,106	2,125,593	-	-

4.22.1. Movement in provision

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Balance at Sawan 1	2,125,593	73,556	-	-
Provisions made during the year	-	2,052,037	-	-
Provisions used during the year	-	-	-	-
Provisions reversed during the year	(422,488)	-	-	-
Unwind of discount	-	-	-	-
Balance at Asar end	1,703,106	2,125,593	-	-

4.23. Other Liabilities

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Liability for employees defined benefit obligations	122,644,988	113,307,933	104,982,941	95,134,118
Liability for long-service leave	311,688,452	210,361,689	296,627,357	198,349,491
Short-term employee benefits	694,385	2,091,720	106,057	53,029
Bills payable	53,697,677	67,457,885	53,697,677	67,457,885
Creditors and accruals	2,509,586,717	2,865,580,074	2,057,113,935	1,769,190,932
Interest payable on deposit	549,324,600	599,471,919	549,324,600	599,471,919
Interest payable on borrowing	76,287,957	36,691,970	71,866,108	35,892,480
Liabilities on deferred grant income	-	-	-	-
Unpaid Dividend	2,740,526	6,069,100	2,740,526	6,069,100
Liabilities under Finance Lease	-	-	-	-
Employee bonus payable	476,546,108	292,926,751	427,208,449	270,533,847
Others:	-	-	-	-
TDS Payable	123,602,701	127,784,903	121,673,291	125,790,318
Audit Fee Payable	1,258,075	1,484,075	1,118,700	1,344,700
Others	11,839,233	4,739,952	-	-
Total	4,239,911,418	4,327,967,972	3,686,459,641	3,169,287,821

Audit Fee Payable of last year includes payable of audit fee of Erstwhile Om Development Bank also.

4.23.1. Defined benefit obligations

The defined-benefit obligation is calculated annually by an independent actuary using the projected unit method. The Bank operates a defined contribution plan as provident fund contribution of its employees and defined benefit plan for the Gratuity payment requirement under its staff rules. For defined contribution plan, the Bank pays contributions to an independently administered retirement fund on a mandatory basis, and such amounts are charged to operating expenses. The Bank has no further payment obligations once the contributions have been paid. For funded defined benefit plans, the liability recognised in the financial statement is the present value of the defined benefit obligation less the fair value of plan assets. Such obligations are estimated on the basis of the actuarial assumptions.

The amounts recognised in the statement of financial position are as follows:

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Present value of unfunded obligations	352,848,719	257,601,675	325,753,811	230,785,294
Present value of funded obligations	523,572,672	394,047,064	512,771,171	394,047,064
Total present value of obligations	876,421,391	651,648,739	838,524,982	624,832,358
Fair value of plan assets	416,871,184	298,912,946	411,697,844	298,912,946
Present value of net obligations	435,215,214	325,919,412	426,827,138	325,919,412
Recognised liability for defined benefit obligations	876,421,391	651,648,739	838,524,982	624,832,358

4.23.2. Plan assets

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Plan assets comprise	-	-	-	-
Equity securities	-	-	-	-
Government bonds	-	-	-	-
Bank deposit	5,173,340			
Other	411,697,844	298,912,946	411,697,844	298,912,946
Total	416,871,184	298,912,946	411,697,844	298,912,946

4.23.3. Movement in the present value of defined benefit obligations

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Defined benefit obligations at Sawan 1 (including merger)	683,062,966	517,241,553	652,876,953	496,886,808
Actuarial losses	30,057,672	75,209,613	28,505,411	75,051,376
Benefits paid by the plan	(17,516,228)	(56,002,609)	(12,761,560)	(53,137,738)
Current service costs and interest	180,816,981	115,200,182	169,904,178	106,031,912
Defined benefit obligations at Asar end	876,421,391	651,648,739	838,524,982	624,832,358

4.23.4. Movement in the fair value of plan assets

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Fair value of plan assets at Sawan 1 (including merger)	298,912,946	254,497,664	298,912,946	254,497,664
Contributions paid into the plan	100,504,135	59,445,250	95,134,118	59,445,250
Benefits paid during the year	(7,193,638)	(23,309,033)	(6,737,987)	(23,309,033)
Actuarial (losses) gains	(6,536,333)	8,279,065	(6,423,012)	8,279,065
Expected return on plan assets	31,184,074	-	30,811,779	-
Fair value of plan assets at Asar end	416,871,184	298,912,946	411,697,844	298,912,946

4.23.5. Amount recognised in profit or loss

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Current service costs	147,777,242	81,436,423	137,209,755	74,074,087
Interest on obligation	56,071,621	74,746,591	53,312,491	73,057,784
Expected return on plan assets	(31,184,074)	-	(30,811,779)	-
Total	172,664,789	156,183,014	159,710,467	147,131,871

4.23.6: Amount recognised in other comprehensive income

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Actuarial (gain)/loss	10,464,590	17,561,568	10,988,352	17,970,646
Total	10,464,590	17,561,568	10,988,352	17,970,646

4.23.7. Actuarial assumptions

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Discount rate	9.00%	9.00%	9.00%	9.00%
Expected return on plan asset	9.00%	-	9.00%	-
Future salary increase	8.00%	7.00%	8.00%	7.00%
Withdrawal rate	16.00%	16.00%	16.00%	16.00%

The mortality table is considered as per Nepali Assured Lives Mortality (2009) issued by Beema Samiti.

There are no plan assets for the subsidiaries and the bank deposits the fund at the account maintained at CIT for gratuity payment as per actuary report.

4.24. Debt securities issued

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Debt securities issued designated as at fair value through profit or loss	-	-	-	-
Debt securities issued at amortised cost	5,293,994,350	2,279,834,432	5,293,994,350	2,279,834,432
Total	5,293,994,350	2,279,834,432	5,293,994,350	2,279,834,432

The "7% NMB Debenture 2077" amounting to NPR 500 Million has matured in the fiscal year. The debenture has been presented at amortized cost and includes NPR. 115,743,674 interest payable amount as on fiscal year end 2078. The details of outstanding debentures are as follows:

Particulars	Issued Date	Expiry Date (BS)	Rate	Face Value (Mio.)
Energy Bond	20 Jestha 2078	20 Jestha 2093	4.00%	1,500
NMB Debenture 8.5%	11 Jestha 2078	11 Jestha 2088	8.50%	2,000
NMB Debenture 2085	29 Chaitra 2075	29 Chaitra 2085	10.00%	1,685

4.25. Subordinated Liabilities

The bank does not have any subordinate liabilities as on reporting date.

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Redeemable preference shares	-	-	-	-
Irredeemable cumulative preference shares (liabilities component)	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

4.26. Share Capital

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Ordinary shares	16,325,960,853	13,950,987,467	16,325,960,853	13,950,987,467
Convertible preference shares (equity component only)	-	-	-	-
Irredeemable preference shares (equity component only)	-	-	-	-
Perpetual debt (equity component only)	-	-	-	-
Total	16,325,960,853	13,950,987,467	16,325,960,853	13,950,987,467

4.26.1. Ordinary shares

Particulars	NMB	
	As at 31 Asar 2078	As at 31 Asar 2077
Authorized Capital		
200,000,000 Ordinary share of Rs. 100 each	20,000,000,000	16,000,000,000
Issued capital		
163,259,609 Ordinary share of Rs. 100 each	16,325,960,853	13,950,987,467
Subscribed and paid up capital		
163,259,609 Ordinary share of Rs. 100 each	16,325,960,853	13,950,987,467
Total	16,325,960,853	13,950,987,467

The paid up share capital of the Bank has moved over the years as follows:

Financial Year	Cumulative Paid up Capital NPR	Remarks
2006-07(2063-64 BS)	199,540,600	Issuance of 30% Bonus Shares
2007-08(2064-65 BS)	1,000,000,000	Issuance of 1:4 Right Shares
2008-09(2065-66 BS)	1,424,641,350	Issuance of 10% Bonus Shares and 30% Right Shares
2009-10(2066-67 BS)	1,651,650,000	Auction of 53,586.5 remaining right shares of FY 2008-09 and public issue of 715,000 shares.
2010-11 (2067-68 BS)	2,000,000,000	Issuance of 10:21.09 right shares and auction of unsubscribed right shares.
2013-14 (2070-71 BS)	2,400,000,000	Issuance of 20% Bonus Shares
2015-16 (2072-73 BS)	4,154,559,320	Shares issued to shareholders of merged entities
2015-16 (2072-73 BS)	4,486,924,066	Issuance of 8% Bonus Shares
2016-17 (2073-74 BS)	5,430,062,466	FMO's additional investment of NPR 943,138,400
2016-17 (2073-74 BS)	6,461,774,334	Issuance of 19% Bonus Shares
2017-18 (2074-75 BS)	7,603,290,634	Issuance of FPO
2018-19 (2075-76 BS)	9,618,162,652	Issuance of 15% Bonus Shares from FY 2073/74 and 10% Bonus Shares from FY 2074/75
2019-20 (2076-77 BS)	13,950,987,467	Issuance of 21% Bonus Shares from FY 2075/76 and addition of Capital from merger with Erstwhile ODBL at SWAP ratio of 1:0.76
2020-21 (2077-78 BS)	16,325,960,853	Issuance of 13% Bonus Shares from FY 2076/77 and addition of Capital from acquisition with Erstwhile KADBL at SWAP ratio of 1:0.85

Total fractional share is 93,624.52 as on Ashadh end 2078. Fraction share usually come from issue of bonus share and split of share also.

4.26.2: Ordinary share ownership

Particulars	NMB			
	As at 31 Asar 2078		As at 31 Asar 2077	
	Percent	Amount	Percent	Amount
Domestic ownership	82.09	13,402,457,417	81.46	11,363,816,285
Nepal Government	-	-	-	-
"A" class licensed institutions	-	-	-	-
Other licensed intitutions	-	-	-	-
Other Institutions	10.48	1,710,231,733	11.42	1,593,733,511
Public	71.62	11,692,225,684	70.03	9,770,082,774
Other	-	-	-	-
Foreign ownership	17.91	2,923,503,436	18.54	2,587,171,182
Total	100.00	16,325,960,853	100.00	13,950,987,467

The details of shareholders holding shares above 0.5% as of Asar end 2078 are given below:

Shareholder's Name	Share Units	% holding
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	22,353,015	13.69
Employees Provident Fund	9,022,868	5.53
Yong Lian Realty Sdn Bhd	6,882,018	4.22
Gayatri Investment And Management P. Ltd.	3,173,378	1.94
Nand Kishore Rathi	2,749,618	1.68
Dhananjaya Prasad Acharya	2,494,365	1.53
Sunil Kumar Goshali	1,690,655	1.04
Sushil Kumar Goshali	1,550,048	0.95
Pawan Kumar Golyan	1,508,206	0.92
Yogendra Lal Pradhan	1,488,090	0.91
Santosh Devi Murarka	1,297,086	0.79
Purushotam Lal Sanghai	1,187,948	0.73
Santosh Rathi	1,182,486	0.72
Balaram Neupane	882,915	0.54
Dinbandhu Agrawal	864,557	0.53

4.27. Reserves

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Statutory general reserve	3,692,361,466	3,035,326,681	3,647,757,834	3,010,879,579
Exchange equilisation reserve	125,183,083	102,426,313	125,183,083	102,426,313
Corporate social responsibility reserve	28,417,988	24,394,685	27,110,737	23,390,919
Capital redemption reserve	-	-	-	-
Regulatory reserve	1,027,264,530	884,132,928	1,027,264,530	884,132,928
Investment adjustment reserve	-	11,500,000	-	11,500,000
Capital reserve	87,664,500	603,656,544	87,664,500	603,656,544
Assets revaluation reserve	-	-	-	-
Fair value reserve	174,584,121	(10,109,962)	174,584,121	(10,109,962)
Dividend equalisation reserve	-	-	-	-
Debenture redemption reserve	23,395,903	500,000,000	23,395,903	500,000,000
Actuarial gain	(80,412,611)	(67,764,501)	(79,793,480)	(66,886,117)

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Special reserve	-	-	-	-
Other reserves:	-	-	-	-
Deferred Tax Reserve	-	11,445,500	-	-
Capital Adjustment Fund	57,326,449	57,326,449	57,326,449	57,326,449
Staff Skill Development Fund	1,976,578	693,902	1,976,578	693,902
NMB Staff Relief Fund	10,000,000	10,000,000	10,000,000	10,000,000
Others	42,411,857	20,036,182	-	-
Total	5,190,173,864	5,183,064,720	5,102,470,254	5,127,010,555

Other Reserves of NMB presented under Statement of change in equity includes debenture/capital redemption reserve, staff skill development fund, capital adjustment fund, corporate social responsibility fund, investment adjustment reserve, actuarial gain/losses, staff relief fund and Capital Reserve.

Staff Relief Fund amounting NPR. 10,000,000 has been set up with the objective to financially assist staff at the time of their acute financial difficulty of the nature of staff's own/spouse/children critical illness, permanent disability due to illness or destruction of property due to natural calamity. The amount paid during the reporting period is NPR. 1.63 mio. The said reserve has been included in Tier 2 Capital.

As per the requirement of NRB Merger bylaws, the difference of Swap Ratio Gain amounting to NPR 87.66 million from the merger with erstwhile Kanchan Development Bank Limited has been transferred to Capital Reserve.

Regulatory reserve includes the amount that is allocated from profit or retained earnings to the bank as per directive of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares). The amount allocated to this reserve includes the following adjustments as per NFRS:

Particulars	As at 31 Asar 2078 (A)	As at 31 Asar 2077 (B)	Transfer from Merger Kanchan Dev. Bank	Transfer to Regulatory Reserve (FY 2077/78)
Accrued Interest on Loans and Advances recognized as Income	636,757,862	492,537,377	35,268,278	108,952,206
Provision of Non - Banking Assets (Investment Property)	61,703,624	50,178,392	9,396,224	2,129,008
Deferred Tax Assets	249,009,565	264,421,080	5,361,636	(20,773,151)
Actuary Losses	79,793,480	66,886,117	1,919,010	10,988,352
Fair value adjustment of Equity Shares	-	10,109,962	4,845,166	(14,955,128)
Total	1,027,264,531	884,132,929	56,790,314	86,341,288

The bank has considered interest received up to 15 Bhadra 2078 amounting NPR. 125.53 Mio. as an income to Regulatory Reserve. After change of Core Banking System, the interest on majority of risk assets portfolio are due as per English Calendar due to which approximately a fortnight's interest income are also not realized as of fiscal year end 2078.

4.28. Contingent liabilities and commitments

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Contingent liabilities	47,940,864,628	42,869,258,079	47,940,864,628	42,869,258,079
Undrawn and undisbursed facilities	80,442,929,940	66,135,471,847	80,442,929,940	66,135,471,847
Capital commitment	6,802,635	6,110,765	6,252,635	5,560,765
Lease Commitment	-	-	-	-
Litigation	283,697,717	205,357,253	283,697,717	205,357,253
Total	128,674,294,920	109,216,197,944	128,673,744,920	109,215,647,944

4.28.1. Contingent liabilities

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Acceptance and documentary credit	27,978,304,465	21,057,495,997	27,978,304,465	21,057,495,997
Bills for collection	1,472,952,150	3,509,808,120	1,472,952,150	3,509,808,120
Forward exchange contracts	-	-	-	-
Guarantees	18,489,608,013	18,301,953,962	18,489,608,013	18,301,953,962
Underwriting commitment	-	-	-	-
Other commitments	-	-	-	-
Total	47,940,864,628	42,869,258,079	47,940,864,628	42,869,258,079

4.28.2. Undrawn and undisbursed facilities

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Undisbursed amount of loans	10,399,922,950	9,307,661,920	10,399,922,950	9,307,661,920
Undrawn limits of overdrafts	10,171,745,294	7,082,681,029	10,171,745,294	7,082,681,029
Undrawn limits of credit cards	482,648,921	258,481,766	482,648,921	258,481,766
Undrawn limits of letter of credit	38,507,687,021	33,483,052,874	38,507,687,021	33,483,052,874
Undrawn limits of guarantee	20,880,925,754	16,003,594,259	20,880,925,754	16,003,594,259
Total	80,442,929,940	66,135,471,847	80,442,929,940	66,135,471,847

4.28.3 Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Capital commitments in relation to Property and Equipment				
Approved and contracted for	6,802,635	6,110,765	6,252,635	5,560,765
Approved but not contracted for	-	-	-	-
Sub total	6,802,635	6,110,765	6,252,635	5,560,765
Capital commitments in relation to Intangible assets				
Approved and contracted for	-	-	-	-
Approved but not contracted for	-	-	-	-
Sub total	-	-	-	-
Total	6,802,635	6,110,765	6,252,635	5,560,765

4.28.4. Lease commitments

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Operating lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-

Particulars	Group		NMB	
	As at 31 Asar 2078	As at 31 Asar 2077	As at 31 Asar 2078	As at 31 Asar 2077
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Sub total	-	-	-	-
Grand total	-	-	-	-

The bank has not applied NAS 17 as all its agreements are cancellable lease agreement. The lease agreement is non-cancelable only for the period of 3-6 months as either lessor or lessee can give notice for the said period and cancel the contract without significant penalties

4.28.5. Litigation

a. Contingent of Tax

The bank has filed appeals at Supreme Court, Revenue Tribunal or Inland Revenue Department based on the stage of appeal against amended assessment orders of various fiscal years issued by Large Taxpayers Office. The detail of the cases are given below:

Fiscal Year	Status	Disputed Tax Amount
NMB Bank Limited		
FY 2063-64	Appealed to Supreme Court on 2070.11.15 for which the final decision is pending	35,792,290
FY 2064-65	Appealed to Supreme Court on 2071.09.24 for which the final decision is pending	30,016,600
FY 2066-67	Appealed to Revenue Tribunal against the decision of IRD on 2075.02.08 for which the final decision is pending	38,169,978
FY 2067-68	Appealed to Revenue Tribunal against the decision of IRD on 2075.02.08 for which the final decision is pending	8,217,781
FY 2068-69	Decision from Revenue Tribunal received on 2078.01.05 and is in the process to appealed in Supreme Court against the decision of Revenue Tribunal	5,891,178
FY 2069-70	Appealed to Revenue Tribunal against the decision of IRD on 2076.11.28 for which the final decision is pending	18,738,240
FY 2070-71	Appealed to Revenue Tribunal against the decision of IRD on 2076.11.28 for which the final decision is pending	4,982,475
FY 2071-72	Appealed to Revenue Tribunal against the decision of IRD on 2076.11.28 for which the final decision is pending	7,475,620
FY 2072-73	Appealed to IRD against the decision of LTO on 2077.10.06 for which the final decision is pending	13,596,804
FY 2073-74	Final order letter of Sec 102 was issued by LTO on 2078.03.31 which was received on 2078.04.13 and is in process to for administrative review in IRD against the decision of LTO	37,576,008
Total		200,456,974
Erstwhile Clean Energy Development Bank Limited		
FY 2065-66	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	5,874,312
FY 2066-67	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	23,938,825
FY 2067-68	Decision from Revenue Tribunal received on 2078.01.05 and is in the process to appealed in Supreme Court against the decision of Revenue Tribunal	8,859,222
FY 2068-69	Decision from Revenue Tribunal received on 2078.01.05 and is in the process to appealed in Supreme Court against the decision of Revenue Tribunal	4,592,146
FY 2069-70	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	3,569,332
FY 2070-71	Appealed to Revenue Tribunal against the decision of IRD on 2076.05.19 for which the final decision is pending	3,780,670

Fiscal Year	Status	Disputed Tax Amount
FY 2071-72	Appealed to Revenue Tribunal against the decision of IRD on 2077.07.19 for which the final decision is pending	4,503,387
FY 2072-73	Appealed to IRD for Administrative review on 2077.11.20 for which decision is pending	83,565
Total		55,201,460
Erstwhile Prudential Finance Company Limited		
FY 2065-66	Appealed to IRD for Administrative Review on 2070.07.29 for which the final decision is pending	5,659,272
Total		5,659,272
Erstwhile Bhrikuti Development Bank Limited		
FY 2071-72	Appealed to IRD for Administrative Review on 2076.04.07 for which final decision is pending	224,862
Total		224,862
Erstwhile OM Development Bank Limited		
Various Years	Decisions pending at various appellate authority previous fiscal year	5,043,705
FY 2072-73	Appealed to IRD for Administrative review on 2077.08.15 for which decision is pending	15,814,716
Total		20,858,421
Erstwhile OM Finance Limited		
FY 2072-73	Decision from IRD has been received on 2078.03.25 and is in process to appealed to Revenue Tribunal against the decision of IRD	1,312,453
Grand Total		283,697,717

Since decisions for these cases are pending, disputed tax amount of NPR 283,697,717 mentioned above has been disclosed as contingent liability on Income Tax and no provision for additional liability has been made.

As of the fiscal year end 2077/78, self-Assessment Returns filed by NMB Bank Ltd. for FY 2074/75 to 2076/77, erstwhile Bhrikuti Development Bank Ltd. for FY 2072/73, erstwhile Manaslu Bikas Bank for FY 2073/74, erstwhile OM finance for 2072/73, erstwhile Kanchan Development Bank for 2073/74 to 2077/78 and Om Development Bank for 2073/74 to 2076/77 are yet to be reassessed by Large Tax Payers Office.

b. In the second quarter of FY 2015/16, the Bank had purchased land with an area of 80 Annas (2,543 sq meter) for NPR 590 Million in Kamaladi, Kathmandu. The land was bought through auction process involving four financial institutions. The previous owner of property has filed case in Kathmandu District Court for repeal of auction process.

4.29. Interest income

"Interest income include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from BFIs, loan and advances to staff, etc. Details presented as follows:

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Cash and cash equivalent	11,622,024	1,580,681	11,664,190	35,149,953
Due from Nepal Rastra Bank	-	-	-	-
Placement with bank and financial institutions	89,668,769	194,643,447	89,668,769	194,643,447
Loan and advances to bank and financial institutions	248,378,638	457,196,556	304,653,162	457,196,556
Loans and advances to customers	13,350,867,567	13,600,017,918	12,628,297,896	13,023,073,302
Investment securities	756,741,862	626,305,260	733,049,568	563,931,081
Loan and advances to staff	200,537,849	140,904,138	200,537,849	140,904,138
Other	15,822,099	28,074,090	15,822,099	28,074,090
Total interest income	14,673,638,809	15,048,722,089	13,983,693,533	14,442,972,567

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 130,916,836 has been reversed and credited to Interest Suspense during the reporting period.

4.30. Interest expense

Interest expenses include interest accrued on deposits collected and debt securities issued. Details presented as follows:

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Due to bank and financial institutions	31,089,787	38,024,135	31,089,787	38,024,135
Due to Nepal Rastra Bank	45,315,382	21,444,624	45,315,382	21,444,624
Deposits from customers	7,915,434,666	8,469,829,909	7,869,085,081	8,484,734,463
Borrowing	308,803,427	414,844,655	169,762,214	198,652,125
Debt securities issued	207,781,769	203,897,305	207,781,769	203,897,305
Subordinated liabilities	-	-	-	-
Other	-	-	-	-
Total interest expense	8,508,425,030	9,148,040,628	8,323,034,232	8,946,752,652

4.31. Fees and Commission Income

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Loan administration fees	-	-	-	-
Service fees	724,047,362	548,406,302	432,020,093	405,316,696
Consortium fees	22,153,544	14,074,520	22,153,544	14,074,520
Commitment fees	572,110	2,815,456	572,110	2,815,456
DD/TT/Swift fees	24,034,960	17,176,250	24,034,960	17,176,250
Credit card/ATM issuance and renewal fees	100,242,701	41,600,703	100,242,701	41,600,703
Prepayment and swap fees	11,021,137	16,505,304	11,021,137	16,505,304
Investment banking fees	-	-	-	-
Asset management fees	-	-	-	-
Brokerage fees	-	-	-	-
Remittance fees	28,660,830	17,769,538	28,660,830	17,769,538
Commission on letter of credit	84,384,564	70,367,397	84,384,564	70,367,397
Commission on guarantee contracts issued	205,905,890	173,388,655	205,905,890	173,388,655
Commission on share underwriting/issue	-	-	-	-
Locker rental	6,297,815	1,974,785	6,297,815	1,974,785
Other fees and commission income:				
Bills Purchase and Discount	-	-	-	-
Collection Fee	7,329,117	9,001,833	7,329,117	9,001,833
Agency Commission	12,280,185	12,436,389	12,280,185	12,436,389
Others	249,901,199	135,156,418	242,739,000	131,942,197
Total fees and Commission Income	1,476,831,413	1,060,673,551	1,177,641,945	914,369,723

4.32. Fees and commission expense

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
ATM management fees	33,107,322	45,711,508	33,107,322	45,711,508
VISA/Master card fees	31,830,379	24,356,072	31,830,379	24,356,072
Guarantee commission	-	-	-	-
Brokerage	-	-	-	-
DD/TT/Swift fees	11,175,334	10,054,966	11,175,334	10,054,966
Remittance fees and commission	-	-	-	-
Other fees and commission expense	61,911,731	27,794,736	61,911,731	27,794,736
Total fees and Commission Expense	138,024,766	107,917,283	138,024,766	107,917,283

4.33. Net trading income

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Changes in fair value of trading assets	7,560	-	-	-
Gain/loss on disposal of trading assets	-	-	-	-
Interest income on trading assets	-	-	-	-
Dividend income on trading assets	-	-	-	-
Gain/loss foreign exchange transaction	364,108,314	384,157,101	364,108,314	384,157,101
Other	-	-	-	-
Net trading income	364,115,874	384,157,101	364,108,314	384,157,101

4.34. Other operating income

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Foreign exchange revaluation gain	91,027,079	96,039,275	91,027,079	96,039,275
Gain/loss on sale of investment securities	163,447,236	2,459,519	163,447,236	2,455,619
Fair value gain/loss on investment properties	-	-	-	-
Dividend on equity instruments	88,902,394	91,145,792	87,631,427	89,339,371
Gain/loss on sale of property and equipment	(2,945,052)	9,439,585	(2,945,052)	9,439,585
Gain/loss on sale of investment property	495,500	2,084,605	495,500	2,084,605
Operating lease income	-	-	2,586,186	2,390,263
Gain/loss on sale of gold and silver	9,731,289	4,976,946	9,731,289	4,976,946
Other	19,376,799	11,926,267	-	8,639,128
Total	370,035,244	218,071,990	351,973,665	215,364,793

4.35. Impairment charge/(reversal) for loan and other losses

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Impairment charge/(reversal) on loan and advances to B/Fls	19,555,270	7,151,814	19,555,270	7,151,814
Impairment charge/(reversal) on loan and advances to customer	390,671,689	1,673,663,414	362,855,123	1,620,467,174
Impairment charge/(reversal) on financial Investment	-	1,630,787	-	-
Impairment charge/(reversal) on placement with banks and financial institutions	-	(453,753)	-	(453,753)
Impairment charge/(reversal) on property and equipment	-	-	-	-
Impairment charge/(reversal) on goodwill and intangible assets	-	-	-	-
Impairment charge/(reversal) on investment properties	-	-	-	-
Total	410,226,959	1,681,992,262	382,410,393	1,627,165,235

4.36. Personnel Expense

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Salary	687,841,510	628,711,999	608,197,151	549,995,858
Allowances	602,362,100	532,581,665	522,555,380	455,440,643
Gratuity expense	79,895,646	72,375,157	72,265,594	67,077,930
Provident fund	66,286,537	57,295,205	58,874,776	50,334,782
Uniform	-	-	-	-
Training & development expense	15,422,147	20,065,407	10,860,188	17,390,917
Leave encashment	179,541,914	159,476,821	170,222,163	153,328,829
Sick Leave Expenses	43,846,837	29,970,268	40,669,139	27,478,836
Leave Fare Expenses	88,540,499	76,589,203	82,777,290	73,274,888
Home Leave Expenses	47,154,578	52,917,350	46,775,734	52,575,105
Medical	-	-	-	-
Insurance	1,564,549	784,165	-	-
Employees incentive	105,622,500	-	104,022,500	-
Cash-settled share-based payments	-	-	-	-
Pension expense	-	-	-	-
Finance expense under NFRS	96,133,269	56,797,451	96,133,269	56,797,451
Other expenses related to staff	20,069,805	28,901,783	19,364,809	26,597,664
Recruitment and Selection Expenses	-	-	-	-
Staff Welfare Expenses	20,069,805	28,901,783	19,364,809	26,597,664
Subtotal	1,854,739,976	1,556,989,653	1,662,495,830	1,376,964,074
Employees bonus	475,508,422	291,466,360	427,208,449	270,533,847
Grand total	2,330,248,399	1,848,456,013	2,089,704,278	1,647,497,921

4.37. Other operating expense

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Directors' fee	2,763,605	3,081,700	1,840,605	2,212,400
Directors' expense	1,463,596	2,489,072	1,328,682	2,401,145
Auditors' remuneration	1,468,644	1,531,676	1,118,700	1,118,700
Other audit related expense	758,575	1,135,882	76,500	373,656
Professional and legal expense	8,540,398	9,886,320	4,570,416	5,580,140
Office administration expense	642,873,992	724,899,399	594,430,600	682,280,446
Operating lease expense	222,179,795	195,651,271	205,428,058	180,467,776
Operating expense of investment properties	-	-	-	-
Corporate social responsibility expense	26,628,276	42,728,640	26,628,276	42,725,660
Onerous lease provisions	-	-	-	-
Others	53,941,912	16,754,945	18,326,927	18,413,993
Total	960,618,793	998,158,904	853,748,763	935,573,915

4.37.1. Office administration expense

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Water and Electricity	40,458,458	39,312,029	39,074,481	38,116,695
Repair and Maintenance				
a) Building	247,890	919,943	247,890	919,943
b) Vehicles	5,155,470	4,731,141	4,877,870	4,503,925
c) Computer and Accessories	4,416,573	2,512,913	4,416,573	2,489,253
d) Office Equipment and Furniture	5,730,198	5,366,902	5,615,661	5,307,001
e) Others	3,935,403	5,414,717	3,503,774	4,128,539
Insurance	38,370,364	39,082,371	38,108,222	30,706,670
Postage, Telex, Telephone, Fax	79,386,102	78,559,687	76,381,144	75,768,102
Printing and Stationery	49,053,053	51,374,997	45,135,062	48,068,473
Newspaper, Books and Journals	87,632	618,408	61,673	569,582
Advertisements	46,149,668	125,971,482	45,669,017	123,565,253
Donations	-	5,000	-	-
Security Expenses	101,125,308	123,876,724	100,549,129	123,320,298
Deposit Guarantee Expenses	42,405,264	31,300,005	42,405,264	31,300,005
Travelling Allowances and Expenses	16,202,690	24,626,811	5,741,734	16,811,543
Entertainment	-	-	-	-
Annual/special general meeting Expenses	1,259,153	4,049,493	986,738	3,467,007
Others	208,890,766	187,176,777	181,656,370	173,238,157
Business Promotion	15,936,408	11,599,733	15,500,601	11,599,733
Membership Fee	13,191,508	11,352,487	12,270,458	10,139,437
Bank Charges and Commission	352,543	634,120	345,980	626,860
Rates and Taxes	11,266,191	9,021,402	9,434,053	8,262,801
IS Audit-Compliance Expenses	1,016,012	3,349,320	1,016,012	3,349,320
Dematerialization Expenses	-	2,616,661	-	2,616,661
Issue And Surveillance Expenses	33,493,865	17,642,382	17,521,491	13,530,200
Merger Expenses	296,053	2,764,516	296,053	2,764,516

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Office Expenses	59,347,707	63,350,029	58,538,374	62,575,372
Vehicle fuel	32,420,700	27,121,790	32,079,510	26,767,147
Outsource Staff Expenses	41,569,779	37,724,336	34,653,837	31,006,109
Total	642,873,992	724,899,399	594,430,600	682,280,446

4.38. Depreciation & Amortisation

"Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life while amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation and amortization include depreciation on plant and equipment & amortization of intangible assets.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Depreciation on property and equipment	239,981,505	218,056,140	230,395,793	207,757,571
Depreciation on investment property	-	-	-	-
Amortisation of intangible assets	39,734,851	34,363,759	39,082,351	33,925,800
Total	279,716,356	252,419,899	269,478,145	241,683,371

4.39. Non operating income

"The incomes that have no direct relationship with the operation of transactions are presented as under.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Recovery of loan written off	39,071,786	18,512,709	39,071,786	18,512,709
Other income	1,292,951	1,906,401	-	-
Total	40,364,736	20,419,110	39,071,786	18,512,709

4.40. Non operating expense

The expense that has no direct relationship with the operation of transactions are presented as under.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Loan written off	15,212,626	33,981,887	15,212,626	33,981,887
Redundancy provision	-	-	-	-
Expense of restructuring	-	-	-	-
Other expense	-	-	-	-
Total	15,212,626	33,981,887	15,212,626	33,981,887

4.41. Income tax expense

The bank has calculated Income Tax as per Income Tax Act, 2058.

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Current tax expense	1,316,433,283	782,188,888	1,185,623,109	725,589,473
Current year	1,313,623,719	775,146,443	1,182,813,545	718,547,028
Adjustments for prior years	2,809,564	7,042,445	2,809,564	7,042,445
Deferred tax expense	(53,276,748)	92,660	(51,820,778)	(3,561,365)
Origination and reversal of temporary differences	(53,276,748)	92,660	(51,820,778)	(3,561,365)
Changes in tax rate	-	-	-	-
Recognition of previously unrecognised tax losses	-	-	-	-
Total income tax expense	1,263,156,535	782,281,548	1,133,802,331	722,028,108

4.41.1: Reconciliation of tax expense and accounting profit

Particulars	Group		NMB	
	Year ended 31 Asar 2078	Year ended 31 Asar 2077	Year ended 31 Asar 2078	Year ended 31 Asar 2077
Profit before tax	4,282,513,147	2,661,076,966	3,844,876,039	2,434,804,629
Tax amount at tax rate of 30%	1,284,753,944	798,323,090	1,153,462,812	730,441,389
Add: Tax effect of expenses that are not deductible for tax purpose	352,740,948	711,794,217	352,038,610	716,946,215
Less: Tax effect on exempt income	13,037,121	14,873,820	13,037,121	14,873,820
Add/less: Tax effect on other items	361,138,233	712,961,939	358,661,970	710,485,676
Less: Tax effect of expenses allowed/Income that are not allowed for tax purpose	326,539,440	684,588,436	324,063,177	682,112,173
Less: Tax effect of carried forward losses	34,598,793	28,373,503	34,598,793	28,373,503
Total income tax expense	1,263,319,538	782,281,548	1,133,802,331	722,028,108
Effective tax rate	29.50%	29.40%	29.49%	29.65%

NMB Bank Ltd.

Unaudited Financial Results (Quarterly)

Fourth Quarter ended of Fiscal Year 2020-21 (FY 2077/2078)

Rs. in '000'

Particulars	This Quarter Ending	Immediate Previous Year Ending (Audited)
Assets		
Cash and cash equivalent	12,433,017	11,098,349
Due from Nepal Rastra Bank	19,218,519	15,249,999
Placement with Bank and Financial Institutions	2,717,149	3,304,234
Derivative financial instruments	17,161,392	10,066,296
Other trading assets	2,660	266,890
Loan and advances to B/FIs	5,210,215	4,665,865
Loans and advances to customers	150,998,435	115,668,473
Investment securities	18,907,214	14,998,756
Current tax assets	98,487	61,461
Investment in subsidiaries	372,488	372,488
Investment in associates	-	-
Investment property	97,942	79,648
Property and equipment	1,741,915	1,755,794
Goodwill and Intangible assets	112,949	125,849
Deferred tax assets	248,887	264,421
Other assets	2,224,721	1,473,393
Total Assets	231,545,990	179,451,915
Liabilities		
Due to Bank and Financial Institutions	2,045,653	3,150,015
Due to Nepal Rastra Bank	7,597,982	4,832,502
Derivative financial instruments	17,127,036	10,008,213
Deposits from customers	164,408,149	131,660,368
Borrowing	7,443,810	3,416,310
Current Tax Liabilities	-	-
Provisions	-	-
Deferred tax liabilities	-	-
Other liabilities	3,673,447	3,169,288
Debt securities issued	5,293,994	2,279,834
Subordinated Liabilities	-	-
Total liabilities	207,590,071	158,516,530
Equity		
Share capital	16,325,961	13,950,987
Share premium	-	120,167
Retained earnings	2,247,129	1,737,220
Reserves	5,382,830	5,127,011
Total equity attributable to equity holders	23,955,919	20,935,385
Non-controlling interest	-	-
Total equity	23,955,919	20,935,385
Total liabilities and equity	231,545,990	179,451,915

Particulars	Up to this Quarter	Up to Corresponding Previous Year Quarter (Audited)
Interest income	14,001,572	14,442,973
Interest expense	8,323,034	8,946,753
Net interest income	5,678,537	5,496,220
Fees and Commission Income	1,176,850	914,370
Fees and commission expense	138,075	107,917
Net fee and commission income	1,038,776	806,452
Net interest, fee and commission income	6,717,313	6,302,672
Net trading income	364,108	384,157
Other operating income	359,349	215,365
Total operating income	7,440,771	6,902,194
Impairment charge/(reversal) for loans and other losses	382,355	1,627,165
Net operating income	7,058,416	5,275,029
Operating expense		
Personnel expenses	2,096,709	1,647,498
Other operating expenses	858,510	935,574
Depreciation & Amortisation	269,070	241,683
Operating Profit	3,834,127	2,450,274
Non operating income	39,072	18,513
Non operating expense	15,213	33,982
Profit before income tax	3,857,986	2,434,805
Income tax expense		-
Current Tax	1,179,090	725,589
Deferred Tax expense/(Income)	(51,698)	(3,561)
Profit for the period	2,730,594	1,712,777

Condensed Consolidated Statement of Comprehensive Income

Profit/Loss for the period	2,730,594	1,712,777
Other Comprehensive Income	174,739	16,409
Total Comprehensive Income	2,905,333	1,729,185

Statement showing Net Profit after Regulatory Adjustments

Net Profit for the period ended 31 Asadh 2078	2,730,594
Profit required to be appropriated to statutory reserve	(218,892)
Profit required to be transfer to Regulatory Reserve	(176,909)
Net Profit for the period ended 31 Asar 2078 available for distribution	2,334,793

Ratios	Upto This Quarter (YTD)	Up to Corresponding Previous Year Quarter
Capital fund to RWA	15.09%	15.08%
Non performing loan (NPL) to total loan	2.27%	2.68%
Total loan loss provision to Total NPL	131.88%	125.35%
Cost of Funds (YTD)	5.79%	6.99%
CCD Ratio	77.06%	72.68%
Base Rate	7.33%	8.95%
Average Interest Spread (Calculated as per NRB Directives) - Last Month of Quarter	3.09%	4.05%

Ratios	Upto This Quarter (YTD)	Up to Corrospending Previous Year Quarter
Additional Informations:		
Average Yield (YTD Average)	8.71%	10.67%
Return on Equity (Annualized)	12.01%	8.94%
Return on Assets (Annualized)	1.31%	1.09%
PE Ratio (Annualized)	26.22	31.45
Net-Worth per share (NPR)	146.74	150.06
Assets per share (NPR)	1,418.27	1,286.30
Liquidity Ratio (NLA)	27.52%	27.33%

NMB Bank Ltd.

Unaudited Financial Results (Quarterly)

Fourth Quarter ended of Fiscal Year 2020-21 (FY 2077/2078)

Rs. in '000'

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In Amount	In %	
Assets					
Cash and cash equivalent	12,433,017	13,887,371	1,454,353	11.70%	Due to re-classification from Investment Securities
Due from Nepal Rastra Bank	19,218,519	19,218,506	(14)	0.00%	Due to change in Receivables
Placement with Bank and Financial Institutions	2,717,149	2,717,149	-	0.00%	
Derivative financial instruments	17,161,392	17,161,392	(0)	0.00%	
Other trading assets	2,660	2,660	-	-	
Loan and advances to B/FIs	5,210,215	5,194,471	(15,745)	-0.30%	Due to re-classification
Loans and advances to customers	150,998,435	151,014,124	15,689	0.01%	Due to re-classification
Investment securities	18,907,214	17,453,563	(1,453,651)	-7.69%	Due to re-classification to cash and cash equivalents
Current tax assets	98,487	92,746	(5,741)	-5.83%	Due to change in current tax
Investment in subsidiaries	372,488	372,488	-	-	
Investment in associates	-	-	-	-	
Investment property	97,942	97,942	(0)	0.00%	
Property and equipment	1,741,915	1,741,915	0	0.00%	
Goodwill and Intangible assets	112,949	112,541	(409)	-0.36%	Due to change in amortization
Deferred tax assets	248,887	249,010	123	0.05%	Due to change in tax subsequently
Other assets	2,224,721	2,230,983	6,263	0.28%	Due to re-classification
Total Assets	231,545,990	231,546,858	868	0.00%	
Liabilities					
Due to Bank and Financial Institutions	2,045,653	1,964,516	(81,137)	-3.97%	Due to re-classification
Due to Nepal Rastra Bank	7,597,982	7,597,982	0	0.00%	
Derivative financial instruments	17,127,036	17,127,036	-	0.00%	
Deposits from customers	164,408,149	164,489,286	81,137	0.05%	Due to re-classification
Borrowing	7,443,810	7,443,810	-	0.00%	
Current Tax Liabilities	-	-	-	0.00%	
Provisions	-	-	-	0.00%	

Deferred tax liabilities	-	-	-	
Other liabilities	3,673,447	3,686,460	13,013	0.35% Due to change in sundry creditor and reclassification
Debt securities issued	5,293,994	5,293,994	(0.00)	0.00%
Subordinated Liabilities	-	-	-	
Total liabilities	207,590,071	207,603,084	13,013	0.01%
Equity	-	-	-	
Share capital	16,325,961	16,325,961	0	0.00%
Share premium	-	-	-	0.00%
Retained earnings	2,247,129	2,515,343	268,215	11.94% Due to change in profit, recognition of interest income in retained earning till Bhadra 15, 2078 and non appropriation of Debenture redemption reserve as per NRB Directives.
Reserves	5,382,830	5,102,470	(280,360)	-5.21% Due to change in profit, recognition of interest income in retained earning till Bhadra 15, 2078 and non appropriation of Debenture redemption reserve as per NRB Directives.
Total equity attributable to equity holders	23,955,919	23,943,774	(12,145)	-0.05%
Non-controlling interest	-	-	-	
Total equity	23,955,919	23,943,774	(12,145)	-0.05%
Total liabilities and equity	231,545,990	231,546,858	868	0.00%

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance (Rounded Off)		Reasons for Variance
			In Amount	In %	
Interest income	14,001,572	13,983,694	(17,878)	0%	Due to Interest Reversal (NRB Guidelines) and booking of interest waiver as per NRB Directives
Interest expense	8,323,034	8,323,034	0	0%	
Net interest income	5,678,537	5,660,659	(17,878)	0%	
Fees and Commission Income	1,176,850	1,177,642	791	0%	Due to booking of related fiscal year misc. income
Fees and commission expense	138,075	138,025	(50)	0%	Due to booking of related fiscal year expenses subsequently
Net fee and commission income	1,038,776	1,039,617	841	0%	
Net interest, fee and commission income	6,717,313	6,700,276	(17,037)	0%	
Net trading income	364,108	364,108	(0)	0%	

Statement of Profit or Loss	As per unaudited Financial Statement	As per Audited Financial Statement	Variance (Rounded Off)		Reasons for Variance
			In Amount	In %	
Other operating income	359,349	351,974	(7,376)	-2%	Due to reclassification of Income (OCI gain on sale of shares)
Total operating income	7,440,771	7,416,358	(24,412)	0%	
Impairment charge/(reversal) for loans and other losses	382,355	382,410	55	0%	Due to additional provision
Net operating income	7,058,416	7,033,948	(24,468)	0%	
Operating expense					
Personnel expenses	2,096,709	2,089,704	(7,004)	0%	Due to change in Staff Bonus and adjustment of staff expense provision
Other operating expenses	858,510	853,749	(4,761)	-1%	Due to adjustment of provision
Depreciation & Amortisation	269,070	269,478	409	0%	Due to change in amortization
Operating Profit	3,834,127	3,821,017	(13,110)	0%	
Non operating income	39,072	39,072	-	0%	
Non operating expense	15,213	15,213	(0)	0%	
Profit before income tax	3,857,986	3,844,876	(13,110)	0%	
Income tax expense	-	-			
Current Tax	1,179,090	1,185,623	6,533	1%	Due to change in Profit and Income Tax.
Deferred Tax expense/(Income)	(51,698)	(51,821)	(123)		
Profit for the period	2,730,594	2,711,074	(19,521)	-1%	Due to above reasons
Other Comprehensive Income	174,739	174,739	-	0%	
Total Comprehensive Income	2,905,333	2,885,813	(19,521)	-1%	
Distributable Profit					
Net profit/(loss) as per profit or loss	2,730,594	2,711,074	(19,521)	-1%	
Add/Less: Regulatory adjustments as per NRB Directive	(395,801)	(167,553)	228,248	58%	Due to change in profit, recognition of interest income in retained earning till Bhadra 15, 2078 and non appropriation of Debenture redemption reserve as per NRB Directives.
Profit/(loss) after regulatory adjustments	2,334,793	2,543,521	208,728	9%	

Significant Accounting Policies

Financial Year 16 July 2020 to 15 July 2021 (1 Shrawan 2077 to 31 Asar 2078)

1. General Information

1.1. Reporting Entity

NMB Bank Limited (hereinafter referred to as “the Bank”) is a limited liability company domiciled in Nepal. The registered office of the Bank is G.P.O. Box 11543, Babar Mahal, Kathmandu, Nepal. The Bank has a primary listing in the Nepal Stock Exchange Limited, the only Stock Exchange in Nepal.

The Bank carries out commercial banking activities in Nepal licensed under the Bank and Financial Institutions Act, 2006 as Class A financial institution in May 2008 and has been operating in the Nepalese Financial market for over twenty five years.

1.2. Subsidiary

- NMB Capital Ltd. (NMBCL) is a 100% subsidiary company of the Bank and was incorporated on September 17, 2010 as a public limited company as per the Companies Act 2063. It is into Merchant and investment banking licensed by Securities Board of Nepal under the Securities Businessperson (Merchant Banker) Regulations, 2008.
- NMB Laghubitta Bittiya Sanstha Ltd. (NMBMF) is incorporated as a public limited company under Companies Act, 2063 and licensed by Nepal Rastra Bank as “D” Class financial institution having Nation Wide working area to operate its microfinance program under Bank and Financial Institution Act 2006. As at the Balance Sheet date, the bank holds 51% controlling interest in the NMBMF.

The financial year of both of the subsidiaries is same as that of the Bank ending on July 15, 2021

1.3. “The Group” represents The Bank and the subsidiaries.

1.4. Approval of financial statement

The consolidated financial statements of the group for the year ended 15 July 2021 have been authorized by the Board of directors dated 29 October, 2021 and have recommended for its approval by the forthcoming Annual General Meeting.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements of the Bank are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented herein.

2.1. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with the Nepal Financial Reporting Standard (NFRS) (except NFRS 3) issued by the Nepal Accounting Standards Board (NASB) except otherwise stated in the format issued by Nepal Rastra Bank in Directive No. 4 of NRB Directives, 2077 complying with the requirements of Companies Act 2063 and also provide appropriate disclosures required under regulations of the Securities Exchange Board of Nepal (SEBON). The financial statements have been prepared in accordance with the accrual basis.

The cash flow statement has been prepared using the direct method whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

The Group has opted for some certain carve outs which are briefly described in Notes to Accounts. As a consequence of carve out adjustments, net profit would have been impacted.

In preparing the Consolidated Financial Statement, the financial statements of the Bank and the Subsidiary are combined line by line by adding together Assets, Liabilities, Equity, Income and Expenses. The consolidated financial statements have been prepared in accordance with Nepal Financial Reporting Standards 10 “Consolidated Financial Statements”.

Para 8 of NFRS 10 outlines three conditions to be fulfilled in order to establish control:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor’s returns

Non-Controlling Interest (NCI) refers to ownership of a company, which does not give the shareholder the control of the company.

2.2. Going Concern

The Board of Directors have made an assessment of Bank’s ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon Bank’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Hence, the Financial Statements are continued to be prepared on the going concern basis.

2.3. Responsibility for Financial Statements

As stated in paragraph 6 of NAS 01 "Presentation of Financial Statements" read along with Section 108(2) of the Company Act, 2006 the Board of Directors is responsible for the preparation of financial statements of the Bank. The Board of Directors acknowledges this responsibility. The Financial statements include the following components:

- Consolidated Statement of Financial Position(SOFP) stating the financial position of the Bank and the Group as at the end of reporting period;
- Consolidated Statement of Profit and Loss (SOPL) and Consolidated Statement of Other Comprehensive Income (SOCl) stating the financial performance of the Bank and the Group for the reported period ended.
- Consolidated Statement of Cash Flow Statement (SOCF) stating the ability of Bank and the Group to generate Cash and Cash Equivalent.
- Consolidated Statement of Changes in Equity (SOCE) stating all the changes in Equity of the Bank and the Group during the reporting period.
- Notes to the Consolidated Financial Statements comprising summary of Principal Accounting Policies and explanatory notes that are of significant importance to the users of Financial Statements.

2.4. Reporting Period

The Bank follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date/Period	English Calendar Date/Period
Consolidated Statement of Financial Position	31 Ashad 2078	15 July 2021
Consolidated Statement of Profit/Loss	1 Shrawan 2077 to 31 Ashad,2078	16 July 2020 to 15 July 2021
Consolidated Statement of Other Comprehensive Income	1 Shrawan 2077 to 31 Ashad,2078	16 July 2020 to 15 July 2021
Consolidated Statement of Cash flow	1 Shrawan 2077 to 31 Ashad,2078	16 July 2020 to 15 July 2021
Consolidated Statement of Changes in Equity	1 Shrawan 2077 to 31 Ashad,2078	16 July 2020 to 15 July 2021

2.5. Foreign Exchange Transactions

Assets and liabilities denominated in foreign currencies as on the balance sheet date have been converted into local currency at mid-point exchange rates published by Nepal Rastra Bank after adjustment for effective trading rate.

Net difference arising from the conversion of foreign currency assets and liabilities is accounted for as revaluation gain/loss under Exchange Gain in Schedule 4.34. 25% of such revaluation gain is transferred to Exchange Fluctuation Reserve through Statement of Change in Equity as per NRB Directives.

Income realised from the difference between buying and selling rates of Foreign Exchange is accounted for as trading gains and shown as "Gain/loss foreign exchange transaction" under "Net Trading Income" in Schedule 4.33

2.6. Functional and presentation currency

The Consolidated financial statements are presented in Nepalese Rupees (NPR), the functional currency of Group entities. The Consolidated financial statements are prepared in the formats implemented by Nepal Rastra Bank and the assets and liabilities are presented in the order of liquidity in the statement of financial position. The Income and expenses are classified 'by nature' in the presentation of statement of profit or loss. All figures in the accounts have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. Furthermore, all percentages are subject to possible rounding differences.

2.7. Significant accounting judgements and estimates

As part of the process of preparing the financial statements in conformity with NFRS, the Bank's management is required to make certain judgements, estimates and assumptions that may affect the Bank's profits, its financial position and other information presented in the Annual Report. These estimates are based on available information and the judgements made by the Bank's management. Actual outcomes may deviate from the assessments made, and such deviations may at times be significant.

The Bank uses various valuation models and techniques to estimate the fair values of assets and liabilities. There are significant uncertainties related to these estimates and these estimates are highly dependent on market data, such as the level of interest rates, currency rates and other factors. The uncertainties related to these estimates are reflected mainly in the statement of financial position. The bank undertakes continuous development in order to improve the basis for fair value estimates, with regard to both modelling and market data. Changes in estimates resulting from refinements in assumptions and methodologies are reflected in the period in which the enhancements are first applied. Judgements and estimates are also associated with impairment testing of loans and claims.

2.8. Change in Accounting Policies

The bank has changed its accounting policies when required, to ensure compliance with NFRS. The effect of change in accounting policies at the date of transition has been given to the retained earnings (and reserves, if applicable)

2.9. Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

2.10. New Standards in Issue but not yet effective

For the reporting of financial instruments, NAS 32 Financial Instruments, Presentation, NAS 39 Financial Instruments Recognition and Measurements and NFRS 7 Financial Instruments – Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments. A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of IFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

The Institute of Chartered Accountants of Nepal (ICAN) has pronounced Nepal Financial Reporting Standards 2018 (NFRS 2018) on 11 Ashad 2077. Accordingly, some new standards have been introduced with amendment to existing standards.

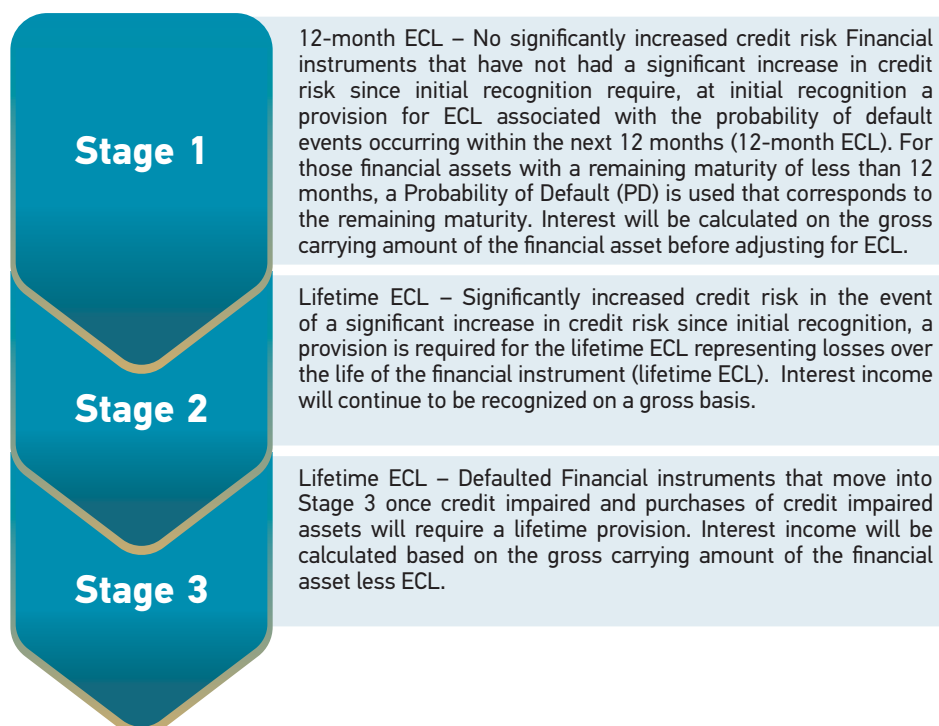
2.11. NFRS 9 ‘Financial Instruments’-Impairment

IFRS 9 ‘Financial Instruments’ was issued by the IASB in July 2014 and effective internationally for the financials beginning on or after 1 January 2018. Accounting Standard Board of Nepal endorsed NFRS 9 Financial Instruments with some exceptions, mainly in the Impairment. Currently, Incurred Loss Model as specified in NAS 39 is used in FY 2077-78. However, with introduction of NFRS 2018, NFRS 9 shall cover Expected Credit Loss Model which is in line with the IFRS 9 Financial Instruments. The requirement of NFRS 9 is Expected Credit Loss Model.

Expected Credit Loss Model (ECL) of Impairment

The Expected Credit Loss (ECL) model is a forward-looking model. The ECL estimates are unbiased, probability-weighted, and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Under the general approach, NFRS 9 recognizes three-stage approach to measure expected credit losses and recognized interest income.



The management is still assessing the potential impact on its financial statements, if Expected Credit Loss (ECL) model is introduced.

	Stage 1	Stage 2	Stage 3
Nature	12 month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss
Risk	No significant risk since initial recognition	Significant credit risk since initial recognition	Credit impaired (With objective evidence of impairment)
Nature	Performing	Underperforming	Non-performing
Interest Revenue	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on Carrying amount less ECL

2.12. NFRS-15: Revenue from contract with customers

NFRS 15 is a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- Recognition of revenue when the entity satisfies a performance obligation.

The management is assessing the potential impact on its financial statements resulting from application of IFRS 15.

NFRS 15 Revenue from Contracts with Customers: The standard shall supersede existing NAS 18 Revenue and NAS 11 Construction Contract

2.13. Basis for classification and measurement

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

The financial statements have been prepared on the historical cost basis, except for:

- As per NFRS 9 "Financial Instruments", Investment Securities (investment in equity shares and mutual funds) are measured at fair value.
- Derivative Financial Instruments are measured at fair value (FVTPL).
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value
- Inventories are measured at cost or net realizable value whichever is lower.
- As per NAS 40 'Investment Property' (land and building acquired as non banking assets) are measured at fair value.
- As per NAS 19 "Employee Benefits", Liabilities for employee defined benefit obligations and liabilities for long service leave are measured at fair value.

Financial assets at amortised cost

An investment is classified at "amortised cost" only if it is not designated as a FVTPL and both of the following criteria are met: the objective of the Bank's business model is to hold the assets in order to collect the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value.

Determination of fair value

The fair value of financial instruments, including derivative instruments that are traded in a liquid market, is the bid or offered closing price on the balance sheet date. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques which include the use of mathematical models. The input to these models is taken from observable market data where possible. Fair values are measured using different valuation models and techniques. This process involves determining future expected cash flows, which can then be discounted to the balance sheet date. The estimation of future cash flows for these

instruments is subject to assumptions on market data, the fair value estimate may therefore be subject to variations and may not be realisable in the market. Under different market assumptions, the values could also differ significantly.

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1	Quoted market prices (unadjusted) in an active market for identical instruments.
Level 2	Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and where the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2.14. Financial assets and financial liabilities

Financial assets refer to assets that arise from contractual agreements on future cash flows or from owning equity instruments of another entity. Since financial assets derive their value from a contractual claim, these are non physical in form and are usually regarded as being more liquid than other tangible assets.

Financial liabilities are obligations that arise from contractual agreements and that require settlement by way of delivering cash or another financial asset. Settlement could also require exchanging other financial assets or financial liabilities under potentially unfavourable conditions. Settlement may also be made by issuing own equity instruments.

2.15. Recognition and de-recognition of financial instruments

Financial instruments are recognised in the statement of financial position on a settlement date basis, except for derivative instruments, which are recognized on a trade date basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

2.16. Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group as per NFRS 3. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The Bank has combined the business as per Merger and Acquisition Bylaws 2073 issued by central bank and has not followed NFRS 3 (details given in Notes).

2.17. Offsetting

A financial asset and a financial liability are offset and the net amount recognised only where there is a legal right to do so and the intention is to settle on a net basis.

2.18. Cash and cash equivalents

Cash and cash equivalents comprise monetary assets and placements with original maturities of three months (91 Days) or less, calculated from the date the acquisition and placements were made.

Cash and cash equivalents are classified as financial asset and are measured at amortized cost in SoFP.

Restricted deposits are not included in cash and cash equivalents. These are measured at amortized cost and presented as a line item on the face of consolidated Statement of Financial Position (SoFP).

2.19. Impairment

■ Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following factors in assessing objective evidence of impairment:

- a significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- Where observable data indicate that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in repayment patterns or economic conditions that correlate with defaults.

▪ **Assets carried at amortised cost**

Financial assets carried at amortised cost (such as amounts due from Banks, loans and advances to customers as well as held-to-maturity investments are impaired, and impairment losses are recognized, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. The amount of the loss is measured as the difference between the asset's carrying amount and the deemed recoverable value of loan.

The recoverable value of loan is estimated on the basis of realizable value of collateral (value of collateral is considered after hair cut prescribed by NRB) and the conduct of the borrower/past experience of the bank. Assets that are individually assessed and for which no impairment exists are grouped with financial assets with similar credit risk statistics and collectively assessed for impairment. The credit risk statistics for each group of the loan and advances are determined by management prudently being based on the past experience.

Subsequent reversal of impairment loss, due to factors such as an improvement in the debtor's credit rating, is recognized in the statement of profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. Financial assets (and the related impairment allowance accounts) are written off either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realization of security. If a future write-off is later recovered, the recovery is credited to the 'Income Statement'.

At each reporting date the Bank assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. For individual impairment, bank considers Top 50 loan clients and loans above delinquency of 90 days.

For the purpose of collective assessment of impairment bank has categorized assets in to four broad products as follows:

1. OD Loan
2. Retail EMI
3. Working Capital
4. Term Loan

2.20. Derivative assets and derivative liabilities

Derivative assets and derivative liabilities (derivatives) create rights and obligations that have the effect of transferring between the parties to the instrument one or more of the financial risks inherent in an underlying primary financial instrument. However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract.

Derivative financial instruments meet the definition of a financial instrument and are accounted for as derivative financial asset or derivative financial liability measured at FVTPL and corresponding fair value changes are recognized in profit or loss.

2.21. Deposits from customers and BFIs and Debt Securities

These are classified as financial liabilities measured at amortized cost.

2.22. Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the entity. In some cases, this may not be probable until the consideration is received or until an uncertainty is removed.

Revenue is derived substantially from banking business and related activities and comprises net interest income and non-interest income. Income is recognised on an accrual basis in the period in which it accrues. The Group applies NAS 18 – "Revenue" in the accounting of revenue, unless otherwise stated.

a. **Net interest income**

Interest income and expenses are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the expected estimated future cash payments and receipts through the expected life of the financial asset or liability. Where financial assets have been impaired, interest income continues to be recognised on the impaired value, based on the original effective interest rate.

The interest income has been recognized as per NRB Guidelines on Interest Income Recognition.

b. Fees and commission income

Fees and commission income is generally recognised when the related services are provided or on execution of a significant act. Fees charged for servicing a loan are recognised as revenue as the service is provided. However, as per the Carve out issued by ICAN regarding the treatment of fee and commission in EIR rate, fees to be considered for EIR computation unless it is impracticable to determine reliably.

c. Dividend Income

Dividend is recognised as income when the right to receive the dividend is established. For bonus shares, the numbers of shares alone are increased without any change in the cost price of shares.

d. Net Trading Gain

The Group presents all accrued interest, dividend, unrealized fair value changes and disposal gains or losses in respect of trading assets and liabilities under this head. The Group also presents foreign exchange trading gains or losses arising on foreign exchange buy and sell transactions under trading income.

2.23. Interim Reports

Interim reports corresponding to the financial statements reported had been reported in accordance with the regulatory reporting requirements. Those statements have been published.

2.24. Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

2.25. Limitation of NFRS implementation

Wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective sections.

2.26. Significant changes from the policies adopted in the past

Significant changes from the accounting policies adopted under previous GAAP (erstwhile Nepal Accounting Standards and directives issued by Nepal Rastra bank) and the adoption of NFRS has been disclosed in the respective segments, including the impact.

2.27. Property, plant and equipment (PPE) and Intangible Assets

- Property, plant and equipment and Intangible assets (software) are stated at cost less accumulated depreciation (Cost Model)
- Land is not depreciated. Depreciation of others is charged to Statement of Profit and Loss on Straight Line method over the useful life of those assets. The estimated useful life of the assets are as follows:

Assets	Estimated Life	Rate of Depreciation
Building	40 years	2.5%
Office equipment	7 years	14.28%
Computers	5 years	20%
Furniture & Fixtures	7 years	14.28%
Vehicles	5 to 7 years	20%/ 14.28%
Intangible Assets/software	5 Years	

- Leasehold improvements are capitalised at cost and amortised over period of lease.
- Intangible assets (software) are capitalised and amortised over the life of assets determinable or best estimated.
- Depreciation on property, plant and equipment sold or disposed off during the year is charged up to the date of sales and gain or loss on the sales transaction is accounted for.
- Software costs are amortized over their estimated useful lives from the period of purchase (5 years).
- Assets with a unit value of NPR 10,000 or less are expensed-off during the year of purchase irrespective of its useful life.

2.28. Investment property

Investment properties are land or building or both other than those classified as property and equipment under NAS 16 – “Property, Plant and Equipment”; and assets classified as non-current assets held for sale under NFRS 5 – “Non-Current Assets Held for Sale & Discontinued Operations”. The Group has recognized as investment property all land or land and building acquired as non banking assets.

Non banking assets (only land and building) are initially recognized at fair value. Since it is not intended for owner-occupied use, a depreciation charge is not raised.

2.29. Retirement Benefits

The Bank offers retirement benefits to its confirmed employee, mainly provident fund, gratuity and accumulated sick leave, all payable at the time of separation from service.

a. Provident fund

Provident fund is recognised at the time of contribution to the fund which is independent to the Bank.

b. Gratuity

Provision for gratuity is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

c. Accumulated sick leave

Provision for accumulated sick leave is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

d. Accumulated home leave

Provision for accumulated home leave is made on the basis of actuarial valuation carried out by an Actuary as per the provisions of Nepal Accounting Standards. At the time of separation from service or eligible accumulated leaves, cash payments are made to the employees and the amount is computed as per the Bank's Policy.

2.30. Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. The Group has applied NAS 17 – "Leases" and expense is recognized to Statement of Profit or Loss (SoPL) on straight line basis considering adjusted incremental rent over the lease period.

The bank has not applied NAS 17 as all its agreements are cancellable lease agreement. The lease agreement is non-cancelable only for the period of 3-6 months as either lessor or lessee can give notice for the said period and cancel the contract without significant penalties.

2.31. Income Tax

a. Current Income Tax

Provision for current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and Rules framed there under.

b. Deferred Tax

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used in the computation provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined by using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax related to temporary differences in opening balances is credited or charged directly to equity and subsequent year differences are recognised in the income statement together with the deferred gain or loss.

2.32. Segmental Reporting

An operating segment is a component of the bank that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relating to transactions with any of the bank's other components, whose operating results are reviewed by the management to make decision about resource allocation to each segment and assess its performance.

The Bank is organised for management and reporting purposes into segments such as: Retail, SME & MSME, Corporate, Deprived, Treasury and Others. Income tax is managed on a group basis and are not allocated to operating segments. All transactions between segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated in "Others". Support costs are also allocated to Retail, Corporate, SME & MSME, Deprived, Treasury and others based on Management's estimates of the benefits accruing to these segments for the costs incurred.

2.33. Share capital and reserves

The Ordinary shares in the Bank are recognized at the amount paid per ordinary share. The holders of ordinary shares are entitled to one vote per share at general meetings of the bank and are entitled to receive the annual dividend payments. The various reserve headings are explained hereinafter:

a. General reserve

The Bank is required to appropriate a minimum 20% of current year's net profit into this heading each year until it becomes double of paid up capital and then after a minimum 10% of profit each year. This reserve is not available for distribution to shareholders in any form and requires specific approval of the central bank for any transfers from this heading.

b. Exchange equalization reserve

The Bank is required to appropriate 25% of current year's total revaluation gain (except gain from revaluation of Indian Currency) into this heading.

c. Fair value reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for financial assets. NFRS 9 requires that cumulative net change in the fair value of financial assets measured at FVTOCI is recognized under fair value reserve heading until the fair valued asset is de-recognized. Any realized fair value changes upon disposal of the re-valued asset is reclassified from this reserve heading to retained earnings.

d. Asset revaluation reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for non-financial assets such as property, equipment, investment property and intangible assets that are measured following a re-valuation model. The Bank does not have any amount to present under asset revaluation reserve.

e. Capital Adjustment Fund

This is a statutory reserve and is a compliance requirement of NRB circular 12/072/73. The Bank is required to appropriate an amount equivalent to 100% of capitalized portion of interest income on borrowing accounts where credit facility was rescheduled or restructured, following the after effects of the great earthquake that struck the nation in April 2015. Fund in this account can be reclassified to retained earnings upon full and final repayment of the credit facility.

f. Corporate social responsibility fund

The Bank is required to appropriate an amount equivalent to 1% of net profit into this fund annually. The fund is created towards funding the Bank's corporate social responsibility expenditure during the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of payments made under corporate social responsibility activities.

g. Investment adjustment reserve

The Bank is required to maintain balance in this reserve heading which is calculated at fixed percentages of the cost of equity investments that are not held for trading. Changes in this reserve requirement are reclassified to retained earnings.

h. Actuarial gain / loss reserve

This is a non-statutory reserve and is a requirement in the application of accounting policy for employee benefits. NAS 19 requires that actuarial gain or loss resultant of the change in actuarial assumptions used to value defined benefit obligations be presented under this reserve heading. Any change in this reserve heading is recognized through other comprehensive income and is not an appropriation of net profit.

i. Regulatory reserve

This is a non-free statutory reserve and is a requirement as prescribed in NRB directive. In the transition to NFRS from previous GAAP the Bank is required to reclassify all amounts that are resultant of re-measurement adjustments and that are recognized in retained earnings into this reserve heading. The amount reclassified to this reserve includes re-measurement adjustments such as interest income recognized against interest receivables after staff bonus and tax, fair value gain (unrealized) of investment securities and impairment on loan and advance as per NFRS against provision as per NRB Directive, amount equals to deferred tax assets, actuary loss recognized in other comprehensive income, investment properties net off staff bonus and tax and amount of goodwill/Bargain Gain recognized under NFRS.

j. Debenture Redemption Reserve

The Bank is required to maintain a redemption reserve in respect of borrowing raised through debenture issuance. As per the terms of NRB approval relating to the Bank's debenture issuance, the Bank is annually required to appropriate proportionately full face value of debenture to the Debenture redemption reserve during the its life except for the issuance and redemption year.

However, if bonus share is issued from the amount which is to be appropriated to debenture redemption reserve for the debenture which has more than full five fiscal years remaining to be matured, it is not necessary to make appropriation in such fiscal year but such amount has to be proportionately be appropriated to the debenture redemption reserve during the remaining period thereafter.

k. Employees training fund

The Bank is required to incur expenses towards employee training and development for an amount that is equivalent to at least 3% of the preceding year's total personnel expenses. Any shortfall amount in meeting this mandatory expense requirement in the current year will have to be transferred to this reserve fund through appropriation of net profit and the amount shall accumulate in the fund available for related expenses in the subsequent year. Balance in this fund is directly reclassified to retained earnings in the subsequent year to the extent of expenses made for employees training related activities.

However as per NRB Directive 2078, no such reserve is required to be created.

2.34. Stationery

Stationery purchased are stated at cost and charged to revenue at the time of consumption.

2.35. Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.36. Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue.

Appropriate adjustments in the financial statements and disclosures in notes to accounts have been made for all material and significant events that have occurred between the balance sheet date and date when the financial statements have been authorised for issue required as per Nepal Financial Reporting Standards (NFRS)

2.37. Government Grant

Government grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Income approach is followed in recording grant income. Government grants related to the assets including non-monetary grants at fair value is presented in the statement of financial position by setting up Deferred Grant Income. Grants related to income are presented as part of profit or loss under other income.

3. Rounding off and Comparative Figures

The financial statements are presented in Nepalese Rupees, rounded off to the nearest rupee. Previous year's figures have been reclassified wherever necessary in order to facilitate comparison.

Additional Disclosures

Financial Year 16 July 2020 to 15 July 2021 (1 Shrawan 2077 to 31 Asar 2078)

1. Provision for Bonus

Provision for bonus has been calculated and provided at 10% of net profit before bonus and tax.

2. General Reserve

As per section 44 of the Banks and Financial Institutions Act 2063, 20% of the current year's net profit amounting NPR 543,689,886 has been transferred to General Reserve. The general reserve figures also includes 20% of profit on sale of shares transferred directly to retained earnings in this fiscal year.

3. Exchange Fluctuation Reserve

As per Section 45 of the Banks and Financial Institutions Act, 2063 25% of the revaluation gain amounting to NPR 22,756,770 has been transferred to Exchange Fluctuation Reserve.

4. Exchange Fluctuation Income

The Bank earned a total exchange fluctuation income of NPR 455 Mio out of which a gain of NPR 281.32 Million was generated through NDF contracts transactions. Income realised from the difference between buying and selling rates of Foreign Exchange is accounted for as trading gains and shown as "Gain/loss foreign exchange transaction" under "Net Trading Income" in Schedule 4.33 and income realized through revaluation gain is shown under Foreign exchange revaluation gain in other operating income in schedule 4.34.

5. Investment Adjustment Reserve (IAR)

The investments are valued at fair value required as per NFRS. As per NRB Directive No. 8(3)(1), if securities are not listed within 3 years of date of investment, investment adjustment reserve should be created. During the year, CEDB Hydro Fund has been listed and shares of Prabhu Capital has been sold. Hence, the opening Investment Adjustment Reserve of NPR 11.5 Mio and NPR 0.3 Mio transferred from merger has been apportioned to retained earnings.

6. Debenture Redemption Reserve

As required by NRB directive, an amount equal to NPR 23,395,903 has been appropriated to Debenture Redemption Reserve during the year. The total balance in Debenture Redemption Reserve as at 15 July 2021 is NPR 23,395,903.

Debenture – 1	
Debenture Amount	1,684,505,000
Issued Date	12-Apr-19
Maturity Date	12-Apr-29
Beginning Year Excluding Issue Year	2019-20
Final Year Excluding Redemption Year	2027-28
No. of Years for Reserve Creation	9
Debenture Reserve per year	187,167,222.22
Current Year	2020-21
No. of Years for Reserve Creation till FY 2020-21 *	Nil
Redemption Reserve required (A)	Nil
Apportioned Reserve for 8 Years of FY 2019-20 (B) *	23,395,903
Total Reserve (A)+(B)	23,395,903
Reserve created till FY 2019-20	500,000,000
Redemption Reserve of Matured debenture	(500,000,000)
Additional Reserve for this year	23,395,903

* As per NRB Directive No. 16(5)(2), the bank had not apportioned NPR. 187,167,222.22 for the each of fiscal year 2019-20 and FY 2020-21 and the amount of FY 2019-20 has been apportioned proportionately for the remaining 8 years of life of the debenture while the amount of FY 2020-21 shall be apportioned from next fiscal year for remaining 7 years proportionately. Hence, per year additional amount of NPR. 23,395,903 of FY 2019-20 has also been apportioned to the reserve making the total redemption reserve NPR. 23,395,903.

7. Corporate Social Responsibility (CSR) Fund

The bank has apportioned NPR. 27,110,737 /- as CSR fund which is equivalent to 1% of Net Profit of the year to be expensed out in next fiscal year. The fund so created shall be used for CSR activities of the Bank in the next fiscal year as per bank's CSR policy. The detailed movement of reserve is given below:

Particulars	NPR
A. Net profit for FY 2077/78	2,711,073,708
B. 1% of net profit appropriated to CSR fund	27,110,737
C. Opening CSR fund (Including from Acquisition)	23,941,765
D. CSR expense incurred for FY 2077/78	26,628,276
E. Closing CSR Reserve FY 2077/78 (B)	27,110,737
F. Net Movement (E-C)	3,168,972

8. Staff Skill Development (SSD) Fund

As per point 6(6) of NRB directive 2077, 3% of Total Salary and allowances expense of previous year has to be expensed for Staff Skill Development in current fiscal year. If such amount cannot be expensed out in the current fiscal year, such deficit amount has to be transferred to Staff Skill Development Fund. However, no such apportionment is required for fiscal year 2077/78. The amount as of fiscal year end 2078 in the reserve is NPR. 1,976,578 which is transferred from merger and acquisition.

9. Regulatory Reserve

The movement in Regulatory Reserve from the year of implementation of NFRS is given below:

Particulars	2074/75	2075/76	2076/77	2077/78
Interest Receivables	222,679,176	591,317,341	492,537,377	636,757,862
Short loan loss provision	-	-	-	-
Short provision for possible losses on investment	-	-	-	-
short provision on NBA	59,774,627	102,915,862	50,178,392	61,703,624
Deferred Tax Assets	66,869,011	70,040,593	264,421,080	249,009,565
Goodwill	-	-	-	-
Gain on Bargain Purchase	-	-	-	-
Actuarial Loss Recognized	48,026,502	48,915,471	66,886,117	79,793,480
Fair Value Loss Recognized in OCI	7,057,296	5,543,798	10,109,962	-
Other	-	-	-	-
Total	404,406,612	818,733,064	884,132,929	1,027,264,531

The Regulatory reserve has also been transferred from Merger and Acquisition during the fiscal year 2076/77 and FY 2077/78 as follows:

Particulars	Erstwhile Om Development Bank (FY 2076/77)	Erstwhile Kanchan Development Bank (FY 2077/78)
Interest Receivables	217,487,203	35,268,278
Short provision on NBA	-	9,396,224
Deferred Tax Assets	197,851,475	5,361,636
Actuarial Loss Recognized	-	1,919,010
Fair Value Loss Recognized in OCI	47,989,082	4,845,166
Bargain Gain	-	-
Total	463,327,760	56,790,314

10. Disclosure Related to COVID 19

The SARS-CoV-2 virus responsible for COVID-19 had continued to spread across the globe and Nepal, which had contributed to a significant decline and volatility in global and domestic financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the government announced first lockdown and subsequently another series of lockdown from 29 April 2021 as the second wave of COVID 19 surged in the country. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain.

The bank has provided several relaxations and concessions to customers as per NRB Directive. The following disclosures have been made as per NRB's requirements:

Particulars	As of Ashad End 2078	
	No. of Customers	Amount(NRs.)
Accrued Interest Received after Ashad end 2078 till 15th Bhadra 2078	4305	125,535,176
Additional 0.3% Loan Loss Provision created on Pass Loan Portfolio	33,562	434,640,066
Extension of moratorium period of loan provided to Industry or Project Under Construction	3	1,206,135,456
Restructured/Rescheduled Loan with % Loan Loss Provision	911	5,473,366,033
Enhancement of working Capital Loan by 20% to COVID affected borrowers	784	934,479,620
Enhancement of Term Loan by 10% to COVID affected borrowers		Nil
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for up to 1 year with 5% provisioning.		Nil
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning.		Nil
Time Extension provided for repayment of Principal and Interest for up to two years as per Clause 41 of NRB Directives 2		Nil

The details pertaining to Refinance, Business Continuity and Subsidized loan is given below:

Particulars	During FY 2077/78	
	No. of Customers	Amount(NRs.)
Refinance Loan	782	3,609,019,770
Business Continuity Loan	1	100,000,000

Particulars	As of Ashad End 2078	
	No. of Customers	Amount(NRs.)
Subsidized Loan	4,048	7,150,052,563

11. Event after reporting period

The Board of Directors in its meeting dated 29 October 2021 has proposed the issue of 12.50% Stock Dividend and 3.30% Cash Dividend (including for tax purpose) for each share held. The dividend shall be distributed from the distributable amount available as on Asar end 2078 of NMB Bank Ltd on the paid up capital of NPR 16,325,960,852.66. This is to be approved at the forthcoming Annual General Meeting of the Bank.

12. Unpaid Dividend

As on the balance sheet date, unpaid dividends amounts to NPR 2,740,526 and unpaid dividend at Share Registrar NMB Capital is NPR. 191,480,436 totalling NPR. 194,220,961. Subsequently the Bank deposits the unclaimed amounts in Investor's Protection Fund as required by the Companies Act. The Bank also publishes notice yearly in national daily newspaper urging investors to collect the dividend.

13. Earnings per Share

Basic earnings per equity share are computed in accordance with NAS 26 Earnings per Share. Basic earnings per equity share are computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Bonus shares, also known as scrip dividends, involve the issue of shares without any consideration. Since the bonus shares do not change the resources available to the entity to earn a return for the shareholders (as in the case of shares issued for cash) the effect of change in

number of shares in the EPS calculation is cancelled for the year in which bonus issue takes place and as well as in the prior periods presented. The EPS has also been restated in Principal Indicators.

The following table sets forth, for the periods indicated, the computation of earnings per share.

Particulars	YE Ashad 2078	YE Ashad 2077
Weighted average no. of equity shares outstanding (Restated)	162,742,428	153,142,682
Net profit	2,711,073,708	1,712,776,521
Basic earnings per share	16.66	11.18
Nominal value per share	100	100

14. Principal Indicators

The principal indicators of the bank for the past 5 years are as follows:

S.No.	Particulars	Indicators	FY 2073/74	FY 2074/75	FY 2075/76	FY 2076/77	FY 2077/78
1	Percent of Net Profit/Gross Income	Percent	20.52	18.09	18.06	11.94	17.45
2	Earning Per Share (Restated for previous years)	Rs.	22.24	21.86	18.79	11.18	16.66
3	Market Value Per Share	Rs.	545	358	382	397	440
4	Price Earning Ratio	Ratio	20.27	12.48	16.23	31.45	26.41
5	Dividend (including bonus) on Share Capital	Percent	15.79	30.00	35.00	16.20	15.8
6	Cash Dividend on Share Capital	Percent	0.79	20.00	14.00	3.20	3.30
7	Interest Income/Loan & Advances	Percent	9.26	10.78	11.17	10.95	8.16
8	Staff Expenses/Total Operating Expenses	Percent	55.03	58.09	61.52	58.32	65.04
9	Interest Expenses on Total Deposit and Borrowing	Percent	4.71	6.76	6.58	6.30	4.64
10	Exchange Gain/Total Assets	Percent	0.24	0.27	0.32	0.27	0.20
11	Staff Bonus/Total Staff Expenses	Percent	34.77	38.72	34.21	19.65	25.70
12	Net Profit/Loan and Advances	Percent	2.34	2.43	2.42	1.38	1.68
13	Net Profit/Total Assets	Ratio	1.69	1.65	1.67	0.95	1.17
14	Total Credit/Deposit	Percent	85.50	90.46	94.61	92.31	96.69
15	Total Operating Expenses/Total Assets	Percent	1.69	1.56	1.70	1.57	1.39
16	Adequacy of Capital Fund on Risk Weighted Assets						
	a) Core Capital	Percent	12.39	14.78	13.11	13.00	11.42
	b) Supplementary Capital	Percent	1.22	0.97	2.35	2.08	3.66
	c) Total Capital Fund	Percent	13.61	15.75	15.45	15.08	15.08
17	Liquidity (CRR)	Ratio	7.72	6.68	4.19	5.93	5.66
18	Non-performing credit/Total credit	Percent	1.68	0.88	0.82	2.68	2.27
19	Base Rate	Percent	10.12	10.70	9.86	8.95	7.33
20	Weighted Average Interest Rate Spread	Percent	3.89	3.45	3.54	3.68	2.92
21	Return on assets	Percent	1.82	1.80	1.83	1.09	1.32
22	Return on Equity	Percent	16.49	13.54	13.32	8.94	12.08
23	Cost to Income Ratio	Percent	36.71	36.90	35.01	37.98	38.70
24	Cost of Fund (YTD)	Percent	5.06	7.46	7.26	6.99	5.79
25	Average Yield (YTD)	Percent	8.95	10.91	10.80	10.67	8.71
26	Book Net-worth	Rs. in '000	10,902,261	16,489,809	17,403,014	20,935,385	23,943,774
27	Total Shares	Nos. in '000	64,618	76,033	96,182	139,510	163,260
28	Total Staff	Number	918	1,080	1,120	1,654	1,744
29	No of Branches	Number	80	110	110	160	181
30	No of ATMs	Number	66	96	103	133	137

15. Loans and Advances Written Off

The Bank has written off loans and advances amounting to NPR 15,212,626 the details of which is as follows:

S.No.	Name of Clients	Facility	Write off Date	Principal
1	Devasthan Matshya Farm	Overdraft Loan	12-Apr-21	1,502,116
2	Guna Suppliers	Overdraft Loan	13-Apr-21	8,045,618
3	Krish Madhukar Construction Pvt..Ltd.	Auto Loan	13-Apr-21	522,092
4	Radha Krishna Dugdha U.S.S.Ltd	Term Loan	13-Apr-21	960,010
5	Santa Bahadur Gurung	Term Loan	13-Apr-21	885,194
6	Sita Devi Shrestha	Auto Loan	13-Apr-21	896,417
7	Padam Das	Term Loan	13-Apr-21	77,161
8	Dichhya Cosmetic	Term Loan	13-Apr-21	256,198
9	New Donbosco Academy Pvt. Ltd	Overdraft Loan	13-Apr-21	2,067,820
Total				15,212,626

However, the bank has also recovered amount NPR. 39,071,786 during the fiscal year from loan and interest write off amount of previous fiscal years.

16. Other Assets Written Off

The Bank did not write off any balance on Other Assets.

17. Summary of Changes in Total Deposits during the year

The financial growth of Total Deposits during the year is given below:

Amount in NPR			
Particulars	FY End 2078	FY End 2077	Increase/(Decrease)
Term deposits	81,994,294,536	70,794,457,231	11,199,837,305
Call deposits	16,017,865,632	12,331,138,621	3,686,727,011
Current deposits	9,896,321,577	8,894,929,343	1,001,392,234
Saving deposits	53,131,675,653	38,313,557,101	14,818,118,552
Other	5,413,644,168	4,476,300,898	937,343,270
Total	166,453,801,566	134,810,383,194	31,643,418,372

Note: The Bank has acquired with Erstwhile Kanchan Development Bank Limited and started joint operation from 7th of Bhadra, 2077.

18. Concentration of Borrowing and Deposits

A. Concentration of Borrowings

Particulars	FYE 2078	FYE 2077
Total Deposit from ten largest depositors	30,751,410,693	27,353,340,136
Percentage of Deposit from ten largest lenders to total depositors	18.46%	20.29%

B. Concentration of Credit exposures

Particulars	FYE 2078	FYE 2077
Total exposures to twenty largest borrowers:		
a. As per group (related party)	15,777,809,605	14,990,762,839
b. As per individual customer	13,245,571,739	12,128,152,508
Percentage of exposures to twenty largest borrowers to Total Loans and Advances:		
a. As per group (related party)	9.98%	12.31%
b. As per individual customer	8.38%	9.96%

C. Concentration of Deposits

Particulars	FYE 2078	FYE 2077
Total deposits from twenty largest depositors		
a. Group-wise	39,475,968,071	35,823,411,478
b. As per individual customer	39,475,968,071	35,823,411,478
Percentage of deposits from twenty largest depositors to Total Deposits		
a. Group-wise	23.72%	26.57%
b. As per individual customer	23.72%	26.57%

19. Agency Account

Particular	Less than 1 Year	More than 1 year less than 3 years	More than 3 years	Total
Agency Accounts	376,754,708	519,238	52,206	377,326,152
Inter branch	-	-	-	-

20. Capitalization of Interest

During the fiscal year, the Bank has recognised interest income of NPR 77,603,788 from capitalization of interest during moratorium period of six separate projects. These capitalizations have been approved/mandated by the NRB.

S.No.	Borrower Name	Total Capitalization	NRB Approval Date
1	Asian Hydropower Ltd.	28,239,224	2077/06/13
2	Sanima Middle Tamor Hydropower Ltd	17,903,335	2077/03/31
3	Myagdi Hydropower Ltd.	8,483,722	2077/05/18
4	Upper Hewa Khola Hydropower Co. Ltd.	6,525,468	2077/03/17
5	Upper Solu Hydro Electric Co. Ltd.	12,843,300	2072/06/07
6	Aashutosh Energy Pvt. Ltd.	3,608,739	2078/03/27
Total		77,603,788	

For those projects beyond NRB approval date of interest capitalization, the same has been done as per NRB directive.

21. Classification of Assets and Liabilities based on Maturity (As per yearly NRB Report)

S.N.	Particulars	1-7 days	8-30 days	31-90 days	91-180 days	181-270 days	271-365 days	More than 1 year	Total
Assets									
1	Cash Balance	4,184	-	-	-	-	-	-	4,184
2	Balance with Banks & FIs	16,671	-	-	-	-	-	-	16,671
3	Investment in Foreign Banks	692	1,674	835	716	-	-	-	3,916
4	Call Money	-	-	-	-	-	-	-	-
5	Government Securities	3	-	1,779	1,029	193	387	13,342	16,732
6	Nepal Rastra Bank Bonds	-	-	-	-	-	-	-	-
7	Inter Bank & FI Lending	1,729	2,325	1,312	-	-	-	-	5,366
8	Loans & Advances	6,268	8,971	31,658	24,414	13,107	2,815	70,812	158,044
9	Interest Receivable	106	106	-	-	-	-	-	212
10	Reverse Repo	-	-	-	-	-	-	-	-
11	Acceptance Receivable	-	-	-	-	-	-	-	-
12	Payments under S.No. 20,21 & 22	19,596	5,120	11,077	5,460	3,218	5,772	8,997	59,241
13	Others	-	-	-	-	-	-	-	-
	Total (A)	49,248	18,196	46,660	31,618	16,518	8,974	93,150	264,366
Liabilities									
14	Current Deposits	2,898	9,525	-	-	-	-	-	12,423
15	Saving Deposits (including call)	836	2,748	14,399	1,965	1,965	2,074	45,162	69,150
16	Fixed Deposits	2,845	11,218	11,932	18,188	12,283	13,536	11,992	81,994
17	Debentures/Bonds	-	-	-	-	-	-	5,178	5,178
18	Borrowings	-	2,266	-	1,989	2,028	-	4,770	11,053
	Call/Short Notice	-	-	-	-	-	-	-	-
	Inter-bank/Financial Institutions	-	1,789	-	170	716	-	4,770	7,444
	Refinance	-	477	-	1,819	1,313	-	-	3,609
	Others	-	-	-	-	-	-	-	-
19	Other Liabilities and Provisions	1,148	22	58	87	87	87	3,213	4,701
	Sundry Creditors	153	-	-	-	-	-	-	153
	Bills Payable	52	-	-	-	-	-	-	52
	Interest Payable	914	-	-	-	-	-	-	914
	Provisions	23	-	-	-	-	-	672	695
	Others	7	22	58	87	87	87	2,541	2,887
20	Acceptance Liabilities	290	445	1,001	279	35	-	32	2,082
21	Irrevocable Loan Commitment	12,219	-	-	-	-	-	-	12,219
22	Letter of Credit/Guarantee	7,088	4,675	10,077	5,180	3,183	5,772	8,965	44,940
23	Repo	-	-	-	-	-	-	-	-
24	Payable under s.no.11	-	-	-	-	-	-	-	-
25	Others	-	-	-	-	-	-	-	-
	Total (B)	27,324	30,897	37,466	27,688	19,582	21,469	79,312	243,740
	Net Financial Assets (A-B)	21,924	(12,701)	9,194	3,930	(3,064)	(12,495)	13,838	20,626
	Cumulative Net Financial Assets	21,924	9,223	18,417	22,347	19,283	6,788	20,626	0

22. Borrowing by the Bank against the collateral of own assets

Borrowing by the Bank against the collateral of own asset is NIL.

23. Transactions in Bullion

The Group deals in bullion (Gold/Silver) by holding stock on consignment basis on behalf of suppliers as per the arrangement. The value of consignment as on balances sheet date is NPR 137,685,311 and has been reflected under "Advance Gold and silver" (Gold Consignment) in Schedule 4.16. Transaction of gold and silver are carried out as per the NRB Directives.

24. Capital Construction

There are no capital constructions (pending capitalization) as at the end of the current fiscal year.

25. Loan Impairment

The bank maintains an allowance for credit losses relating to on-balance sheet exposures of loans and advances.

Loans, which are individually significant (the threshold being selected to cover up top 50 files, files under 50% and 100% provision and files with special asset management department), are assessed individually for objective indicators of impairment. A loan is considered impaired when it is determined that bank will not be able to collect all amounts due according to the original contractual terms. Credit exposures of individually significant loans are evaluated based on factors including the borrower's overall financial condition, resources and payment record, and where applicable, the realizable value of any collateral. If there is evidence of impairment leading to an impairment loss, then the amount of the loss is determined as the difference between the carrying value of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from the realization of collateral less costs to sell.

Loans which are not individually significant, or which are individually assessed and not determined to be impaired, are collectively assessed for impairment. For the purposes of a collective evaluation of impairment, loans are grouped based on similar credit risk characteristics, taking into account loan type, past due status and other relevant factors viz. OD Loan, Working Capital Loan, Term Loan and Retail EMI. The collective impairment allowance is determined by reviewing factors including historical loss experience, which takes into consideration historical probabilities of default, loss given default and exposure at default.

The impairment status as per para 63 of NAS 39 is given below:

Particulars	Year ended 31 Asar 2078	Year ended 31 Asar 2077
a. Individual Impairment	1,103,332,419	1,367,004,736
b. Collective Impairment	381,542,398	1,588,364,853
Total	1,484,874,816	2,955,369,588

The Loss given default status (LGD) for impairment calculation purpose is given below:

Particulars	Year ended 31 Asar 2078	Year ended 31 Asar 2077
OD Loan	12%	19%
Term Loan	6%	3%
Retail EMI	12%	19%
Working Capital Loan	5%	10%

26. Carve-outs in NFRS

Upon the recommendation from Accounting Standard Board-Nepal, the Institute of Chartered Accountants of Nepal (ICAN) has issued following carve-outs for the implementation of NFRS and has prescribed alternative treatments as set out below:

a. NAS 39 – "Financial Instruments: Recognition and Measurements"

This is the carve out from the requirement to determine impairment loss on financial assets – loans and advances by adopting the 'Incurred Loss Model' as specified in para 63 of NAS 39 unless the entity is a bank or a financial institution registered as per Bank and Financial Institutions Act 2073. Such entities shall measure impairment loss on loans and advances at the higher of:

- amount derived as per norms prescribed by Nepal Rastra Bank for loan loss provisioning; and
- amount determined as per para 63 of NAS 39 adopting Incurred Loss Model

This is the mandatory carve out. Hence, the Group has recognized impairment loss on loans and advances at the higher of the amount derived as per prudential norms specified in NRB directive and the amount derived from incurred loss model as specified in para 63 of NAS 39 as given below:

Particulars	Year ended 31 Asar 2078	Year ended 31 Asar 2077
a. Impairment on Loan as per Para 63	1,484,874,816	2,955,369,588
b. Loan Loss Provision as per NRB	4,739,972,013	4,104,731,607
Higher of a and b	4,739,972,013	4,104,731,607

The Group has recognized impairment loss on other financial assets measured at amortized cost in accordance with para 63 of NAS 39.

b. NFRS 3 – Business Combination

The acquirer shall account for and integrate into its books of account on joint operation date the total assets and liabilities (except equity and all reserves) of acquiree at the value determined by applying same basis considered for determining restated value for its adjusted net worth for the purpose of swap ratio as per NRB Merger and Acquisition Bylaws, the value so determined is to be considered as fair value of the acquiree.

The value of purchase consideration transferred where consideration is equity share, its fair value shall be as determined as per Due Diligence Report (DDA) which is prepared as per NRB Merger and Acquisition Bylaws. In the books of acquirer, the face value of equity share as per Swap Ratio shall be booked as Share Capital and difference between the fair value of share (considered for swap ratio) and face value of such ordinary equity shares shall be accounted as Share Premium/Capital Reserve.

During the fiscal year 2077/78, the bank had acquired erstwhile Kanchan Development Bank Limited (KDBL) and commenced joint operations from 23 August 2020 (07 Bhadra 2077). Post-acquisition, KDBL shareholders had received 0.85 shares of NMB for each share of KDBL (swap ratio of 85%).

Mergers and Acquisitions among Financial Institutions in the country are guided by Merger and Acquisition By-Laws 2019 (Fourth Revision) issued by the Nepal Rastra Bank (NRB). Implementation of provisions mentioned in the By-Laws are mandatory and binding for all Banks and Financial Institutions (BFIs).

Clause 9 (Kha) of the By-Laws spells out accounting treatment for business combinations. The clause states that when the sum total of Paid-Up Capital of Financial Institutions involved in mergers/acquisition before merger is more than the Paid-Up Capital after merger/acquisition, the difference amount is recognized as Capital Reserve. Paid-Up Capital adjustments for mergers/acquisitions are based on share swap ratio as per due diligence audit report duly approved by NRB. As per the calculation method prescribed above, the difference amount in Paid-Up Capital amount before and that after acquisition is NPR 87.66 Million and hence has been recognized as Capital Reserve.

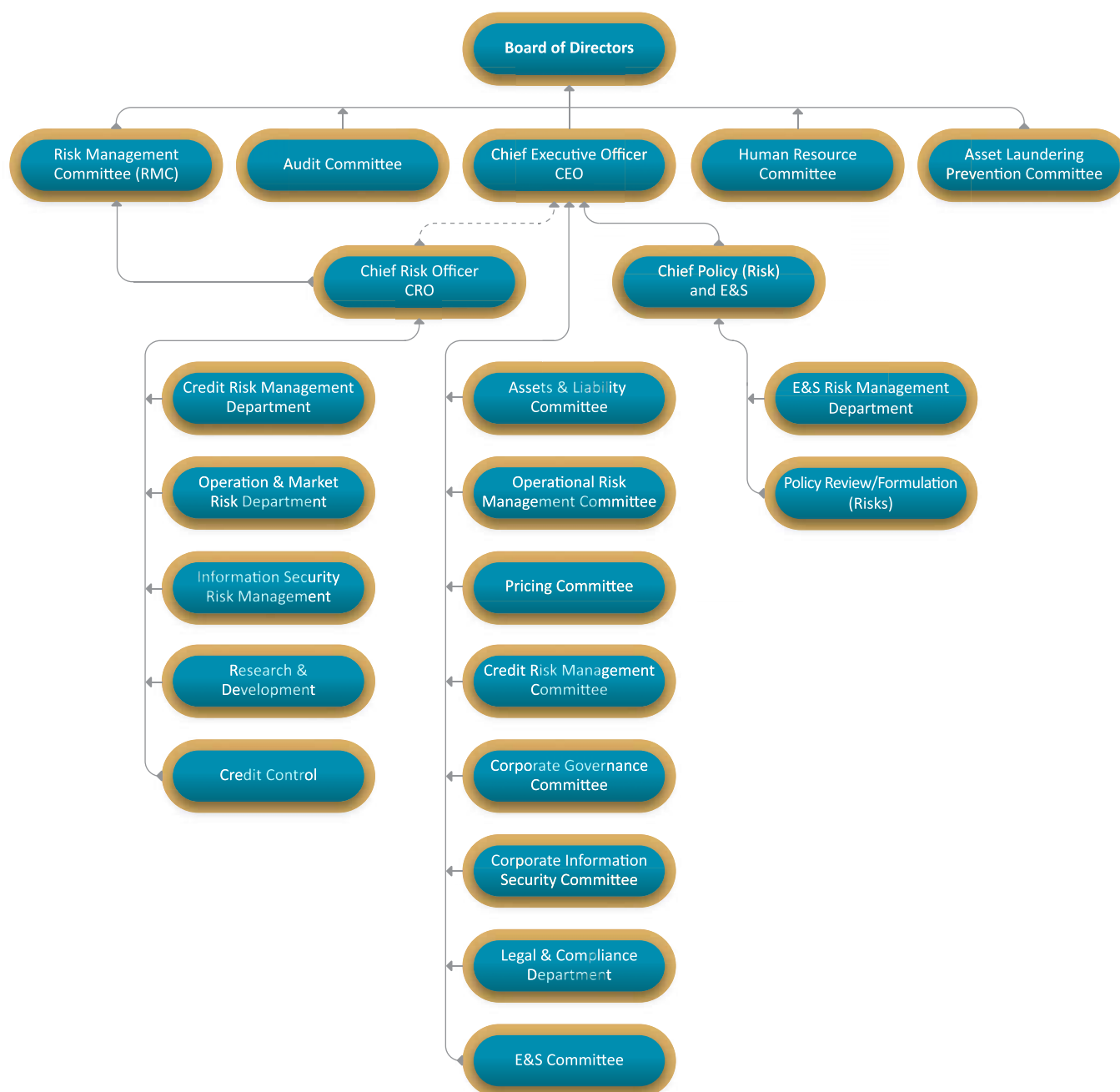
This treatment differs with the requirement of Nepal Financial Reporting Standards (NFRS) 3 Business Combination and Carve-Outs issued by The Institute of Chartered Accountants of Nepal. The Bank has opted for accounting based on provisions of Merger and Acquisition By-Laws as it is mandatory and binding for all BFIs to follow the By-Laws.

27. Risk Management

Risk Management Structure

NMB Board is the ultimate authority to oversee overall risk management of the Bank by formulating risk management strategies, defining risk appetite, and ensuring that the risk management policies, procedures and standards are adequate and is effectively implemented in the Bank. Sound risk management system in the Bank is established robust risk management structure which includes Board level Risk Management Committee, Audit committee, Human Resource committee and Asset Laundering prevention committee; management level Asset & Liability Committee, Credit Risk Management Committee, Operational Risk Management Committee, E&S (Environmental & Social) Committee, Credit Recovery Committee, Corporate Information Security Committee, Pricing Committee, and Corporate Governance Committee. In this structure, new/revised policies & standards, reports on risk management, portfolio analysis, stress testing, investment, liquidity, capital adequacy, industry/market analysis, and critical risk issues identified are first reviewed by management level committee and then escalated to Risk Management Committee for review and decision.

Risk management structure in the bank's Organogram:



Risk Management system and structure of the Bank is driven by following principles

- **Independent Role:** The bank has Risk Management Function independent from risk taker. All management units report to the Chief Risk Officer (CRO) who directly report to the board level Risk Management Committee.
- **Risk Measurement:** The Bank has prioritized to quantitatively measure various risk issues and arranged for their mitigation, control and monitoring wherever possible. For quantitatively measuring these risks, the Bank has implemented new tools and models such as Risk Register/, Credit Grading, etc..
- **Risk Management as Shared Responsibility:** The Bank has independent function for management of various risks which has been driven by the shared responsibility of risk management units and various business units of the Bank. The risk governance framework has adopted "three lines of defense" structure that includes three distinct units comprised of:
 - Main Business Function
 - Risk Management Department/Control units, and

- Internal Audit

The responsibilities of each line have been well defined and communicated across the various levels.

- **Risk Management Structure:** The Bank has appropriate risk management structure with clear demarcation of reporting line on its organogram. It has been essential for establishing roles & responsibilities and accountability of various functions within the Bank on risk management. The role of board of Directors in risk management has been more effective upon envisioning the risk governance structure of the Bank.
- **Continuous Improvement:** The Bank has always been oriented for strengthening existing risk management system. As a part of this, the Bank has recently implemented ISO 27001: 2013 standard. It has been expected to significantly improve information security management system as well as support risk management system through various aspects.

In addition, the Bank as an active member of the Global Alliance for Banking on Values (GABV) strives for delivering sustainable economic, social and environmental development with a focus on helping individuals fulfil their needs and build stronger communities.

Credit Risk Management in NMB Bank

Credit Risk refers to the potential loss due to failure of counterparty to meet its obligations in accordance with the terms specified in the credit agreements. Credit Policy, Credit Risk Management Framework, Credit Process Manual, Product Papers and various other credit related documents in place provides the firm foundation for a strong credit risk management environment in the bank by defining clear roles and responsibilities of various functions and risk takers in Credit system. The Bank's Credit Policy elaborates credit standards and guideline for effective risk management. The Bank has delegated credit approval limits to various officials to approve and sanction various amount of credit request based on their individual expertise and risk judgment capability. The key independent units responsible for ensuring effective Credit Risk Management in the bank are Credit Risk Management Department, Credit Administration Department, Control Department, Special Assets Management Department, various Business Units and Internal Audit.

A thorough analysis of the borrower and the industry in which the borrower operates is ensured prior extending credit facilities. The Bank also has an internal credit risk rating procedure in place to categorize customers in different risk profiles and formulate appropriate account strategies. The Bank primarily focuses on ensuring prudent financing requirements of the client and the client's capacity to repay the debt obligation on time.

Credit Risk Management Committee (CRMC) and Risk Management Committee (RMC) play a pivotal role in the credit risk management of the Bank. The existing/probable credit risk issues are reviewed, necessary changes required in the credit system to mitigate such risk are identified and required decisions are made as appropriate.

The Bank has a product wise and industry/sector wise portfolio and NPL thresholds to monitor the quality of loan portfolio and manage the concentration risk. These thresholds are reviewed on periodical basis in CRMC and RMC in quarterly interval for required actions/strategic decisions.

Market Risk and Operation Risk Management in NMB Bank:

Market and Operation Risk management in Nepalese Banks has been a newer challenge. In the times of volatility and fluctuations in the market, NMB Bank needs to prove its determination by withstanding the market variations and achieve sustainability in terms of growth as well as to have a stable share value. Hence, an essential component of enhanced risk management framework would be to mitigate all the risks and rewards of the products and services offered by the bank.

NMB has passed through a monumental change after the merger with four Development Banks and one Finance Company. NMB has taken strategic focus on digitization and technological advancement to enhance banks services as well as risk management.

NMB ensures parity between risk and return and hence, management of risk by incorporating a set of systematic and professional methods especially those defined by the Basel III becomes an essential requirement for us.

In the course of operations, the bank is invariably faced with different types of risks that may have a potentially negative effect on the business. NMB Bank's risk management approach includes risk identification, measurement and assessment, and minimizes impact on the financial result and capital of the bank.

Asset & Liability Committee (ALCO) manages the overall asset and liability position of the Bank. It also ensures that the asset & liability position, investment and liquidity are maintained at a desired level in compliance to NRB Directives. Risk monitoring is done periodically-at least on monthly basis by Treasury, Market Risk and Finance Departments by conducting stress testing, GAP analysis and preparing various reports.

Market risk includes interest rate and foreign exchange risk

Interest rate risk is the risk of negative effects on the financial result and capital of the bank as a result of changes in interest rates.

The bank's products are mostly based on floating interest rate. Only fixed deposits are with fixed interest rate. In Nepalese local market, short term movement in interest rate is negligible. Pricing Committee monitors the interest rate movement on regular basis.

Foreign exchange risk is the risk of negative effects on the financial result and capital of the bank caused by changes in exchange rates.

The foreign exchange risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying remittances and trade transactions.

Operational risk is the risk of negative effects on the financial result and capital of the bank caused by omissions in the work of employees, inadequate internal control procedures and processes, inadequate management of information and other systems, and unforeseeable external events.

NMB Bank has independent department to look after operational risk wherein Operational Risk Management Committee meets on monthly basis to discuss and plan the way forward to mitigate potential operational risk identified.

Bank has developed and adhered to Minimum Control Standards and Incident Reporting Guidelines along with Whistle Blowing Policy to identify potential operational risks. Operational Risk Department independently assess each incident/event/cause to measure the risk grade which is ultimately discussed/ analyzed further in Operational Risk Management Committee to put appropriate controls in place. If required, the incident/event/cause along with the risk assessment, probability and impact is escalated further to Risk Management Committee or the Board of the Bank. Apart from that, Operational Risk Unit conducts branch/ department visits to monitor/ review the branches and departments and also to train/ create awareness on operational risk.

Liquidity Risk

Liquidity risk is the potential event where the Bank either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost. The Liquidity Risk Framework governs liquidity risk management and is managed by ALCO. In accordance with that policy, the Bank maintains a liquid portfolio of marketable securities as a liquidity buffer.

E&S Risk

The Bank has successfully implemented a project for establishing a robust system for effective management of Environmental and Social risk. The integration of E&S risk management system with Credit Risk Management system of the Bank is also completed. In order to implement the system, the Bank has obtained technical support from FMO and CDC and also appointed a UK based company Earth Active for expert support in developing Environmental and Social risk Management System (ESMS) and to strengthen E&S capacity of the staffs.

The bank has Appointed E&S Officer for management of Environmental and Social risk.

Other Risk

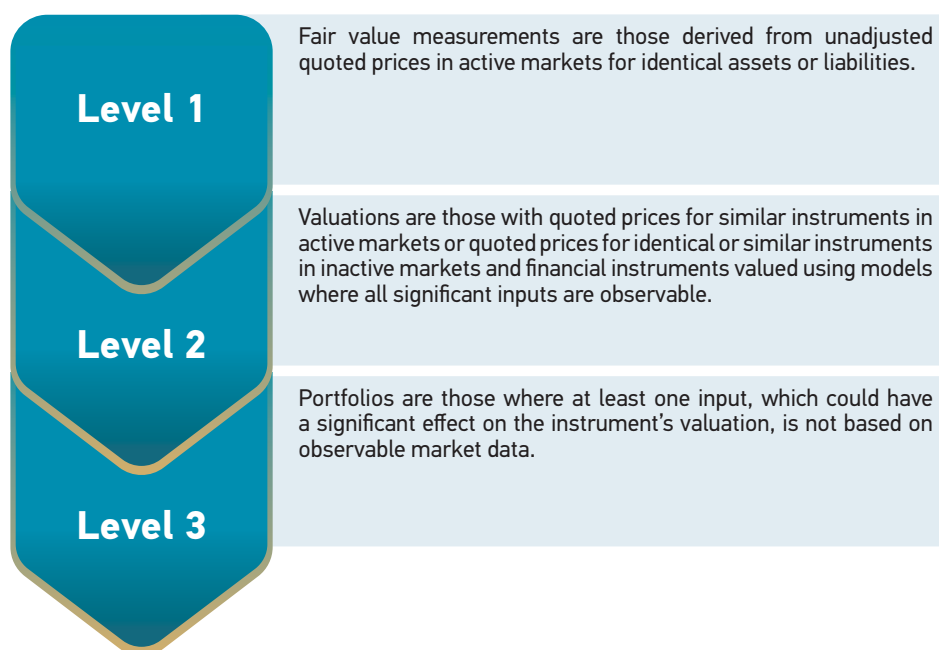
Management of other risk such as Reputational, Legal & Compliance, Environmental and Social Risk Management and Human Resource (HR) etc. is equally pertinent as the bank grows. The bank has separate department to oversee Legal & Compliance issues. HR Department and Board level HR Committee is responsible for all HR functions and related risk management.

Internal Control

The Board and the management is committed in managing risks and in controlling its business and financial activities in a manner which enables it to maximize profitable business opportunities, avoid or minimize risks which can cause potential loss or reputational damage to the bank, ensure compliance with applicable laws and regulations and enhance resilience to external events. To achieve this, bank has established set of policies and procedures for risk identification, risk evaluation, risk mitigation and control/monitoring.

The effectiveness of the Company's internal control system is reviewed regularly by the Board, Risk Management Committee, Management and Internal Audit.

The Internal Audit monitors compliance with policies/standards and the effectiveness of internal control structures across the Company through its program of business/unit audits. The Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. Internal Audit reports are periodically forwarded to the Audit Committee. The findings of all audits are reported to the Chief Executive Officer, department heads and branch managers for initiating immediate corrective measures



28. Categories of Financial Instruments and Fair Value Hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the observability of the significant inputs used to determine the fair values. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. The Bank recognises transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of observability of the inputs to the valuation techniques as at the end of the reporting period.

Financial instruments are measured on an ongoing basis either at fair value or at amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the carrying amounts of the financial instruments by category as defined in NAS 39 and by headings of the Statement of Financial Position.

The Hierarchy of fair value measurement is given below:

Particulars	Fair value Hierarchy (Level)	As at As at 31 Asar 2078		As at As at 31 Asar 2077	
		Carrying Value	Fair value	Carrying Value	Fair value
FVTPL					
Other trading assets	3	2,660,000	2,660,000	266,890,000	266,890,000
Derivative financial instruments	1	17,161,392,134	17,161,392,134	10,066,295,972	10,066,295,972
Subtotal		17,164,052,134	17,164,052,134	10,333,185,972	10,333,185,972
FVTOCI					
Quoted Equities	1	713,959,469	713,959,469	915,484,981	915,484,981
Unquoted Equities	3	74,324,000	74,324,000	114,166,700	114,166,700
Subtotal		788,283,469	788,283,469	1,029,651,681	1,029,651,681
Grand-Total		17,952,335,603	17,952,335,603	11,362,837,652	11,362,837,652
Amortised cost					
Cash and cash equivalent	3	13,887,370,526	13,887,370,526	11,098,349,234	11,098,349,234
Due from Nepal Rastra Bank	3	19,218,505,528	19,218,505,528	15,249,998,507	15,249,998,507
Placement with BFI's	3	2,717,148,715	2,717,148,715	3,304,233,792	3,304,233,792
Loan and advances to B/FIs	3	5,194,470,677	5,194,470,677	4,665,864,579	4,665,864,579
Loans and advances to customers	3	151,014,123,921	151,014,123,921	115,668,472,666	115,668,472,666
Investment securities (except equity instruments)	3	16,665,279,464	16,665,279,464	13,969,104,367	13,969,104,367
Subtotal		208,696,898,831	208,696,898,831	163,956,023,145	163,956,023,145
Total of Financial Assets		226,649,234,434	226,649,234,434	175,318,860,797	175,318,860,797

Particulars	Fair value Hierarchy (Level)	As at As at 31 Asar 2078		As at As at 31 Asar 2077	
		Carrying Value	Fair value	Carrying Value	Fair value
FVTPL/FVTOCI					
Liability for employees DBO	3	104,982,941	104,982,941	95,134,118	95,134,118
Subtotal		104,982,941	104,982,941	95,134,118	95,134,118
Amortised cost					
Due to Bank and Financial Institutions	3	1,964,515,728	1,964,515,728	3,150,014,840	3,150,014,840
Due to Nepal Rastra Bank	3	7,597,982,045	7,597,982,045	4,832,501,544	4,832,501,544
Deposits from customers	3	164,489,285,837	164,489,285,837	131,660,368,354	131,660,368,354
Borrowing	3	7,443,810,000	7,443,810,000	3,416,310,000	3,416,310,000
Other liabilities	3	3,163,069,994	3,163,069,994	2,749,960,864	2,749,960,864
Debt securities issued	3	5,293,994,350	5,293,994,350	2,279,834,432	2,279,834,432
Subtotal		189,952,657,954	189,952,657,954	148,088,990,034	148,088,990,034
FVTPL					
Derivative financial instruments	1	17,127,036,376	17,127,036,376	10,008,212,670	10,008,212,670
Subtotal		17,127,036,376	17,127,036,376	10,008,212,670	10,008,212,670
Total of Financial Liabilities		207,184,677,271	207,184,677,271	158,192,336,822	158,192,336,822

29. Capital Adequacy

The capital adequacy status as of 15 July 2021 is given below (NPR in thousand):

NMB Bank Limited
Capital Adequacy Table
 2078 Ashad End (15 July 2021)

Particulars	2078 Ashad End	2077 Ashad End
1.1 Risk Weighted Exposures		
a Risk Weighted Exposure for Credit Risk	177,479,698	136,389,233
b Risk Weighted Exposure for Operational Risk	8,731,236	6,932,979
c Risk Weighted Exposure for Market Risk	3,421,912	2,710,493
Total Risk Weighted Exposures (a+b+c)	189,632,846	146,032,705
Adjustments under Pillar II		
Add : RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,036,878	2,075,662
Add : 2% of the the total RWE due to Supervisory add up	3,792,657	2,920,654
Add: 2% of total RWE, Desired level of disclosure requirement has not been achieved.	-	-
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	195,462,381	151,029,021
1.2 Capital		
Tier 1 Capital (Core Capital) (CET1 +AT1)	22,317,905	19,630,215
a Paid up Equity Share Capital	16,325,961	13,950,987
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	87,665	723,824
d Proposed Bonus Equity Shares	-	-
e Statutory General Reserves	3,647,758	3,010,880
f Retained Earnings	2,515,343	1,737,220
g Un-audited current year cumulative profit/(Loss)	-	-
h Capital Redemption Reserve	-	-
i Capital Adjustment Reserve	57,326	57,326

Particulars	2078 Ashad End	2077 Ashad End
j Dividend Equalization Reserves	-	-
k Less: Deferred Tax Assets		
l Other Free Reserve	-	-
m Debenture Redemption Reserve	23,396	500,000
n Less: Goodwill	-	-
o Less: Intangible Assets	(115,371)	(125,849)
p Less: Fictitious Assets	-	-
q Less: Investment in equity in licensed Financial Institutions	-	-
r Less: Investment in equity of institutions with financial interests	(210,000)	(210,000)
s Less: Investment in equity of institutions in excess of limits	-	-
t Less: Investments arising out of underwriting commitments	-	-
u Less: Reciprocal crossholdings	-	-
v Less: Purchase of land & building in excess of limit and unutilized	(14,173)	(14,173)
w Less: Other Deductions	-	-
Adjustments under Pillar II	-	-
Less: Shortfall in Provision (6.4 a 1)	-	-
Less: Loans and Facilities extended to Related Parties and Restricted lending (6.4 a 2)	-	-
Supplementary Capital (Tier II)	7,152,461	3,146,045
a Cumulative and/or Redeemable Preference Share	-	-
b Subordinated Term Debt	5,184,510	1,684,505
c Hybrid Capital Instruments	-	-
d General loan loss provision	1,832,768	1,337,614
e Exchange Equalization Reserve	125,183	102,426
f Investment Adjustment Reserve	-	11,500
g Assets Revaluation Reserve	-	-
h Other Reserves	10,000	10,000
Total Capital Fund (Tier I and Tier II)	29,470,366	22,776,260
1.3 Capital Adequacy Ratios		
Common Equity Tier 1 Capital to Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	11.42	13.00
Tier 1 Capital to Total Risk Weighted Exposures	11.42	13.00
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	15.08	15.08

Market Risk Exposures

S.No.	Currency	2078 Ashad End			2077 Ashad End Relevant Open Position
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position	
1	INR	(4,638,565)	(7,425,184)	7,425,184	5,707,197
2	USD	125.6	14,979	14,979	119,666
3	GBP	(66.0)	(10,912)	10,912	1,347
4	CHF	(3.7)	(484)	484	20,720
5	EUR	(67.7)	(9,539)	9,539	1,466
6	JPY	(22,040.9)	(23,887)	23,887	1,120
7	SEK	(1.0)	(14)	14	13
8	DKK	(13.6)	(257)	257	725
9	HKD	(5.6)	(86)	86	1,505
10	AUD	(7.5)	(668)	668	3,193

S.No.	Currency	2078 Ashad End			2077 Ashad End Relevant Open Position
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position	
11	SGD	(12.8)	(1,129)	1,129	4,148
12	KRW	(1,667.0)	(174)	174	472
13	AED	(789.7)	(25,640)	25,640	27,708
14	MYR	(6.1)	(173)	173	13,425
15	THB	(97.7)	(356)	356	1,185
16	QAR	(393.8)	(12,682)	12,682	14,869
17	CNY	(61.8)	(1,141)	1,141	1,185
18	CAD	(4.5)	(432)	432	340
19	SAR	(37.3)	(1,186)	1,186	42,305
20	KWD	(0.0)	(16)	16	-
21	BHD	(0.0)	(13)	13	1,096
Total Open Position (a)				7,528,950	5,963,685
Fixed Percentage (b)				5%	5%
Capital Charge for Market Risk [c=(a×b)]				376,448	298,184
Risk Weight (reciprocal of capital requirement of 10%) in times (d)				9.09	9.09
Equivalent Risk Weight Exposure [e=(c×d)]				3,421,912	2,710,493

Operation Risk Exposures

Particulars	Years before 2078 Ashar End		
	2074/75	2075/76	2076/77
Net Interest Income	2,904,014	5,469,754	5,758,195
Commission and Discount Income	794,250	1,205,938	956,286
Other Operating Income	164,962	211,407	217,052
Exchange Fluctuation Income	299,606	355,785	384,157
Addition/Deduction in Interest Suspense during the period	(33,010)	368,638	153,608
Gross income (a)	4,129,822	7,611,523	7,469,298
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	619,473	1,141,728	1,120,395
Capital Requirement for operational risk (d) (average of c)			960,532
Risk Weight (reciprocal of capital requirement of 10%) in times (e)			9.09
Equivalent Risk Weight Exposure [f=(d×e)]			8,731,236
Adjustments under Pillar II			
If Gross Income for all the last three years is negative (6.4 a 8)			
Total Credit and Investments (net of specific Provision)			
Capital Requirement for Operational Risk (5%)			
Risk Weight (reciprocal of capital requirement of 11%) in times			10
Equivalent Risk Weight Exposure (g)			
Equivalent Risk Weight Exposure (h= f + g)			8,731,236

Eligible Credit Risk Mitigants

S.No.	Credit exposures	Balance Sheet Exposures									Total	
		Deposits with Bank	Deposits with other Banks/Fl	Gold	Govt. & NRB Securities	Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
1	Cash Balance	-	-	-	-	-	-	-	-	-	-	-
2	Balance With Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-	-
3	Gold	-	-	-	-	-	-	-	-	-	-	-
4	Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-	-
5	All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-	-
6	Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	-	-	-	-	-
7	All claims on Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-	-
8	Claims on Foreign government and Central Bank (ECA -1)	-	-	-	-	-	-	-	-	-	-	-
9	Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-	-
10	Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-	-
11	Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-	-
12	Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-	-
13	Claims on BIS, IMF, ECB, EC And Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
14	Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
15	Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-	-
16	Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-	-
17	Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-	-
18	Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-	-
19	Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-	-
20	Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-	-
21	Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-	-
22	Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-	-
23	Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-	-
24	Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-	-

[illegible]

S.No.	Credit exposures	Deposits with Bank		Deposits with other Banks/Fl		Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of Other Sovereigns	G'tee of domestic banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
		(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
	Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-	-
	LC Commitments With Original Maturity Over 6 months domestic counterparty	769,504	-	-	-	-	-	-	-	7,268,733	-	8,038,237
	Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-	-
	Bid Bond, Performance Bond and Counter guarantee domestic counterparty	19,774	-	-	-	-	-	-	-	-	-	19,774
	Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	60,502	60,502
	Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-	-
	Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-	-
	Underwriting commitments	-	-	-	-	-	-	-	-	-	-	-
	Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-	-
	Repurchase Agreements, Assets sale with recourse	-	-	-	-	-	-	-	-	-	-	-
	Advance Payment Guarantee	173,626	-	-	-	-	-	-	-	-	-	173,626
	Financial Guarantee	818	-	-	-	-	-	-	-	-	-	818
	Acceptances and Endorsements	68,716	-	-	-	-	-	-	-	-	-	68,716
	Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-	-
	Irrevocable Credit commitments(Short Term)	-	-	-	-	-	-	-	-	-	-	-
	Irrevocable Credit commitments(Long Term)	-	-	-	-	-	-	-	-	-	-	-
	Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-	-
	Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-	-
	Total	1,424,622	-	-	-	-	-	-	-	7,727,512	60,502	9,212,636
	Total Credit Risk Exposure	2,178,253	-	-	126,527	-	-	-	-	7,727,512	935,699	10,967,991

Credit Risk

Assets	2078 Ashad End					Previous FY	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Risk Weighted Exposures
	(a)	(b)	(c)	(d=a-b-c)	(e)	(f=d*e)	
Balance Sheet Exposures							
Cash Balance	4,183,570	-	-	4,183,570	0%	-	3,745,463
Balance With Nepal Rastra Bank	14,537,813	-	-	14,537,813	0%	-	10,655,234
Gold	137,685	-	-	137,685	0%	-	-
Investment in Nepalese Government Securities	16,732,232	-	-	16,732,232	0%	-	16,342,507
All Claims on Government of Nepal	5,880,973	-	-	5,880,973	0%	-	5,457,752
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-	-
Claims on domestic banks that meet capital adequacy requirements	5,833,009	-	-	5,833,009	20%	1,166,602	257,503
Claims on domestic banks that do not meet capital adequacy requirements	2,764	-	-	2,764	100%	2,764	2,764
Claims on foreign bank (ECA Rating 0-1)	1,464,971	-	-	1,464,971	20%	292,994	392,978
Claims on foreign bank (ECA Rating 2)	599,813	-	-	599,813	50%	299,907	566,305
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-	-

Assets	2078 Ashad End					Previous FY	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Risk Weighted Exposures
	(a)	(b)	(c)	(d=a-b-c)	(e)	(f=d*e)	
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	3,514,070	-	-	3,514,070	20%	702,814	3,930,433
Claims on Domestic Corporates (Credit rating score equivalent to AAA)	-	-	-	-	80%	-	-
Claims on Domestic Corporates (Credit rating score equivalent to AA+ to AA-)	-	-	-	-	85%	-	-
Claims on Domestic Corporates (Credit rating score equivalent to A+ to A-)	4,375,984	-	875,197	3,500,787	90%	3,150,709	-
Claims on Domestic Corporates (Credit rating score equivalent to BBB+ & below)	7,766,469	-	-	7,766,469	100%	7,766,469	-
Claims on Domestic Corporates (Unrated)	91,829,338	-	34,613	91,794,725	100%	91,794,725	72,402,286
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-	-
Regulatory Retail Portfolio (Not Overdue)	19,018,610	-	254,013	18,764,597	75%	14,073,448	16,171,283
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	100%	-	-
Claims secured by residential properties	14,960,290	-	-	14,960,290	60%	8,976,174	13,584,155
Claims not fully secured by residential properties	-	-	-	-	150%	-	-
Claims secured by residential properties (Overdue)	834,088	149,663	-	684,425	100%	684,425	435,020
Claims secured by Commercial real estate	1,704,978	-	-	1,704,978	100%	1,704,978	929,564
Past due claims (except for claims secured by residential properties)	5,336,236	2,273,133	4,083	3,059,020	150%	4,588,530	1,242,849
High Risk claims	8,235,933	-	587,449	7,648,484	150%	11,472,726	18,022,234
Lending against securities (bonds & shares)	3,894,926	-	-	3,894,926	100%	3,894,926	520,676
Investments in equity and other capital instruments of institutions listed in stock exchange	643,501	249,406	-	394,095	100%	394,095	1,186,650
Investments in equity and other capital instruments of institutions not listed in the stock exchange	768,438	-	-	768,438	150%	1,152,657	8,234
Staff loan secured by residential property	2,268,304	-	-	2,268,304	50%	1,134,152	850,019

Interest Receivable/claim on government securities	183,813	-	-	183,813	0%	-	156,742	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-	-	-
Other Assets (as per attachment)	7,542,889	2,869,439	-	4,673,450	100%	4,673,450	2,450,907	2,450,907
TOTAL	222,250,696	5,541,640	1,755,355	214,953,701		157,926,544	167,319,646	120,954,453
Off Balance Sheet Exposures								
Revocable Commitments	-	-	-	-	0%	-	-	-
Bills Under Collection	1,472,952	-	-	1,472,952	0%	-	3,509,808	-
Forward Exchange Contract Liabilities	17,127,036	-	-	17,127,036	10%	1,712,704	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	7,046,903	-	850,964	6,195,939	20%	1,239,188	2,108,327	421,665
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	18,849,314	-	8,038,237	10,811,076	50%	5,405,538	11,457,530	5,728,765
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	6,973,483	-	19,774	6,953,710	40%	2,781,484	5,412,876	2,706,438
Foreign counterparty (ECA Rating 0-1)	75,627	-	60,502	15,125	20%	3,025	44,076	8,815
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	108,217	54,109
Foreign counterparty (ECA Rating 3-6)	153,404	-	-	153,404	100%	153,404	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements, Assets sale with recourse	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	1,591,781	-	173,626	1,418,155	100%	1,418,155	1,664,114	1,664,114
Financial Guarantee	7,000	-	818	6,183	100%	6,183	5,133	5,133
Acceptances and Endorsements	2,082,087	-	68,716	2,013,372	100%	2,013,372	580,936	580,936
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-

	2078 Ashad End					Previous FY	
	Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)	Risk Weighted Exposures Net Value
Assets							
Irrevocable Credit commitments (short term)	12,993,709	-	-	12,993,709	20%	2,598,742	10,016,993
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	9,688,313	-	-	9,688,313	20%	1,937,663	10,280,247
Other Contingent Liabilities	283,698	-	-	283,698	100%	283,698	205,357
Unpaid Guarantee Claims	-	-	-	-	200%	-	-
TOTAL	78,345,308	-	9,212,636	69,132,672		19,553,154	45,393,614
Total RWE for credit Risk	300,596,004	5,541,640	10,967,991	284,086,373		177,479,698	212,713,259
Adjustments under Pillar II							
Add : 10% of the loan and facilities in excess of Single Obligor Limits 6.4 a 3)							
Add : 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)							
Total RWE for Credit Risk (After Bank's adjustments of Pillar II)							

30. Operating Segments

a) General Information

The bank has identified its segments on the basis of geographical location as per provinces of the country. The bank supervises, manages and controls its branch networks through regional demarcations. All the transactions have been done at the arm's length prices between the segments with intra segment revenue and cost being eliminated at the Head Office. Interest earnings and foreign exchange gains/losses generated while conducting businesses under different segments are reported under the respective segment. Equity and Tax Expense are not allocated to the individual segments. For segmentation purpose, all business transactions of offices and business units located in a particular province are grouped together.

b) Description of the types of products and services from which each reportable segment derives its revenues

The products and services offered by the Bank can be broadly divided into the following categories:

1. Retail Banking: Retail banking, also known as consumer banking, is the provision of services by a bank to the general public, rather than to companies, corporations or other banks. Banking services which are regarded as retail include provision of savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards.
2. Corporate, SME & Institutional (except Retail): The corporate and institutional banking segment of banks typically serves a diverse range of clients, ranging from small- to mid-sized local businesses with a few millions in revenues to large conglomerates with billions in sales and offices across the country.
3. Treasury Unit – The unit has two divisions – Front and back treasury operations. It operates within the consideration of the foreign exchange rules and regulations under the guidance of Nepal Rastra Bank (NRB) – central bank of Nepal. The major functions are exchange rate updation, check foreign currency position, fund management, deal T-bills/ bond, interbank placements, forward contract and other treasury research.
4. Trade Finance – The Bank's trade finance operations like LC, Guarantee etc are handled by trade finance.
5. Others

c) Information about profit or loss, assets and liabilities

Fig. in Mio.

	Particulars	Retail	SME & MSME	Corporate	Deprived	Treasury	Others	Total
a	Revenues from external customers	3,563	4,678	5,351	642	475	1,167	15,877
b	Intersegment revenues	3,026	(2,238)	(112)	(425)	430	(682)	-
c	Net Revenue	537	6,916	5,464	1,067	45	1,849	15,877
d	Interest Revenue	3,070	4,397	4,971	639	-	884	13,983
e	Interest Expense	5,021	9	2,850	436	-	8	8,323
f	Net Interest Revenue (b)	1,075	2,151	2,009	(221)	430	217	5,661
g	Depreciation and amortization	58	89	88	(8)	33	9	269
h	Segment profit/(loss)	1,337	1,291	839	(173)	506	44	3,844
i	Entity's interest in the profit or loss of associates accounted for using equity method - Not Applicable							
j	Other material items	-	-	-	-	-	-	-
	OCI Items – Non Cash	-	-	-	-	-	174	174
k	Impairment of assets	947	1,420	2,154	219	-	-	4,740
l	Segment assets	28,897	43,817	60,554	8,449	36,212	53,618	231,547
m	Segment liabilities	90,043	1,738	55,779	543	6,149	77,295	231,547

d) Measurement of operating segment profit or loss, assets and liabilities

- Basis of accounting for any transactions between reportable segments:

The Bank is organised for management and reporting purposes into segments such as: Retail, SME & MSME, Corporate, Deprived, Treasury and Others. The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Income tax is managed on a group basis and are not allocated to operating segments. All transactions between segments are conducted on an arm's length basis, with inter-segment revenue and costs being eliminated in "Others". Support costs are also allocated to Retail, Corporate, SME & MSME, Deprived, Treasury and others based on Management's estimates of the benefits accruing to these segments for the costs incurred.

- i. Nature of any differences between the measurements of the reportable segment's profits or losses and the entity's profit or loss before income tax
None
- ii. Nature of any differences between the measurements of the reportable segment's assets and the entity's assets.
None

- iii. Nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any,

The bank has segmental division based upon the business segment and geographical segment also.

- IV. Nature and effect of any asymmetrical allocations to reportable segments

None

e) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

Particulars	Amount (Fig in Mio.)
a Revenue	
Total Revenues for reportable segments	19,334
Other Revenues	-
Elimination of intersegment revenues	3,457
Entity's Revenues	15,877
b Profit or Loss	
Total profit or loss for reportable segments	3,844
Other profit or loss	-
Elimination of intersegment profits	-
Unallocated amounts	-
Profit before income tax	3,844
c Assets	
Total assets for reportable segments	231,547
Other assets	-
Unallocated amounts	-
Entity's assets	231,547
d Liabilities	
Total liabilities for reportable segments	231,547
Other liabilities	-
Unallocated amounts	-
Entity's liabilities	231,547

f) Information about products and services

Particulars	NPR in Mio. (Fees Income)
Retail Banking	496
Corporate, SME & Institutional	662
Treasury	475
Trade Finance	24
Others	-
Total	1657

g) Information about geographical areas

Particulars	Revenue (NPR in Mio.)
a Domestic	15,877
- Province 1	1,699
- Province 2	839
- Bagmati	9,231
- Gandaki Province	1,689
- Province 5	1,593
- Karnali and Far Western Province	826
b Foreign	-
Total (a+b)	15,877

h) Information about major customers

Information about the extent of its reliance on its major customers, if revenue from a single external customer amounts to 10 percent or more of the entity's revenue.

Not Applicable

31. Share options and share based payment

The Group does not have any share options or share-based payment transactions in the reporting period or in earlier period.

32. Merger and acquisition

During the fiscal year 2077/78, the bank has acquired Kanchan Development Bank Limited and commenced joint operations from 23 August 2020 (07 Bhadra 2077) as NMB Bank Limited.

Erstwhile KADBL (E-KADBL) was a B Class Licensed Financial Institution with head office at Mahendranagar with Paid -up Capital of NPR 584.4 Mio. and had the Branch network in 5 districts viz. Kailali, Kanchanpur, Dadeldhura, Doti & Baitadi with total Deposit mobilization of 6.67 Billion and Loan and Advances totalling 5.12 Billion. The bank has acquired KADBL as a part of its strategic intent to expand the footprints in province 6 and 7 whereby reaching in every part of the country. E-KADBL has prepared audited financial statements as of 6 Bhadra 2077 (22 August 2020). Assets and Liabilities of the merged entity as recognized in its audited balance sheet has been recorded in the books of accounts of NMB Bank Limited as on the date of joint operation date being acquisition date i.e., 06 Bhadra 2077 (23 August 2020). Profit and Loss account of the merged entity as of date of merger are prepared separately and transferred to retained earnings of NMB Bank Limited. The bank has accounted merger related expenses in Merger expenses in Schedule 4.37.1 at other operating expenses.

The change of equity of the bank due to the acquisition is as below:

Particulars	Date of Acquisition	% of voting equity interests acquired	Face Value of Consideration Transferred (In Full Figure)
Kanchan Development Bank Ltd.	23 August 2020	100%	496,765,500

Consideration Transferred

The Bank has issued 4,967,655 units of shares to shareholders of E-KADBL as purchase consideration on the basis of swap ratio of 0.85 shares of NMB Bank Ltd. for each share of E-KADBL recommended by an independent valuator in accordance with Merger and Acquisition Bylaw 2073 issued by the Central Bank. The valuation has been done by Due Diligence Auditor taking Assets and Liabilities and other necessary information as on 14 January 2020 (Poush end 2076).

Particulars	NPR
Cash	Nil
Fair Value of Equity shares issued of NMB Bank Ltd.	801,133,722
Fair value of other Tangible or Intangible assets	Nil
Contingent consideration arrangement	Nil
Fair Value of Consideration Transferred	801,133,722

Assets acquired and liabilities recognised at the date of acquisition

Particulars	Fair Value (NPR)
Cash and cash equivalent	1,811,706,858
Due from Nepal Rastra Bank	356,445,216
Loan and advances to B/FIs	171,327,260
Loans and advances to customers	4,804,299,458
Investment securities	44,538,673
Current tax assets	3,712,506
Investment Property	14,914,641
Property and equipment	120,687,524
Goodwill and Intangible assets	5,764,711
Deferred tax assets	5,361,636
Other assets	10,037,804

Particulars	Fair Value (NPR)
Total Assets	7,348,796,288
Due to Bank and Financial Institutions	140,814,062
Deposits from customers	6,524,305,830
Other liabilities	88,365,693
Total Liabilities	6,753,485,585
Net Assets Acquired	595,310,703

Mergers and Acquisitions among Financial Institutions in the country are guided by Merger and Acquisition By-Laws 2019 (Fourth Revision) issued by the Nepal Rastra Bank (NRB). Implementation of provisions mentioned in the By-Laws are mandatory and binding for all Banks and Financial Institutions (BFIs).

Clause 9 (Kha) of the By-Laws spells out accounting treatment for business combinations. The clause states that when the sum total of Paid-Up Capital of Financial Institutions involved in mergers/acquisition before merger is more than the Paid-Up Capital after merger/acquisition, the difference amount is recognized as Capital Reserve. Paid-Up Capital adjustments for mergers/acquisitions are based on share swap ratio as per due diligence audit report duly approved by NRB. As per the calculation method prescribed above, the difference amount in Paid-Up Capital amount before and that after acquisition is NPR 87.66 Million and hence has been recognized as Capital Reserve.

This treatment differs with the requirement of Nepal Financial Reporting Standards (NFRS) 3 Business Combination and Carve-Outs issued by The Institute of Chartered Accountants of Nepal. The Bank has opted for accounting based on provisions of Merger and Acquisition By-Laws as it is mandatory and binding for all BFIs to follow the By-Laws.

33. Additional disclosures of non-consolidated entities

The Group does not have any non-consolidated entities to report for the reporting period and in the comparative previous period.

34. Events after the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in the notes.

35. Related Party Disclosures

a) Board Member Allowances and Facilities

The Board of Directors has been paid meeting fees of NPR 1,212,000 during the fiscal year. There were 17 Board Meeting conducted during the period.

As per 24th AGM held on Poush 24, 2076, the chairperson and other members of the Board are paid NPR. 18,000 and NPR. 16,000 respectively per meeting. The Meeting fees paid to different Board Level Committees are as follows:

Board Level Committees	No of Meetings	Meeting Allowance (NPR)
Audit Committee	6	176,000
Risk Management Committee	7	208,000
Human Resource Service Committee	10	160,000
Assets Laundering Prevention Committee	5	80,000

As per 23rd AGM held on Poush 26, 2075, monthly allowance of NPR 12,000 is being paid. The total amount paid as monthly allowances to the board members during the fiscal year amounted to NPR 990,735

Existing members of the Board are:

Mr. Pawan Kumar Golyan	Chairman (Represents Group – Promoter Shareholder)
Mr. Nico Klaas Geradus Pijl	Member (Representative from FMO)
Mr. Jeevan Kumar Katwal	Member (Representative from Employees Provident Fund)
Mr. Yogendra Lal Pradhan	Member (Represents Group – Public Shareholder)
Mr. Uttam Bhlon	Member (Represents Group – Public Shareholder)
Mr. Sirish Kumar Murarka	Member (Represents Group – Public Shareholder)
Mr. Pradeep Raj Pandey	Independent Director

b) Loans and Advances extended to Promoters

There are no such loans extended to promoters.

c) Compensation Details for Key Management Personnel

Key Management Personnel includes members of Executive Committee of the Bank.

S.No	Particulars	Amount
A	Short Term Employee Benefits	59,931,143
B	Post-Employment Benefits	Nil
C	Other Long Term Benefits	Nil
D	Termination Benefits (Gratuity and Sick Leave Encashment)	Nil
E	Share Based Payment	Nil
	Total of Key Management Personnel Compensation	59,931,143

The Salary and benefits paid to CEO is as follow:

Particulars	Basic Salary	Provident Fund	Allowance	Bonus & Welfare	Other Perquisites	Total Income
C.E.O	6,936,000	693,600	6,694,000	2,985,705	100,083	17,409,388

Key management personnel are also provided with the following benefits:

- Benefits as per the Employee Terms of Service By-laws,
- Bonus to staff as per the Bonus Act,
- Vehicle Fuel Expenses as per the Bank's Staff Vehicle Scheme.

Existing members of Executive Committee include:

- Mr. Sunil KC Chief Executive Officer
- Mr. Pradeep Pradhan Chief Audit Executive
- Ms. Shabnam Limbu Joshi Chief Support Officer
- Mr. Sharad Tegi Tuladhar Chief Policy (Risk) and E&S
- Mr. Sudesh Upadhyaya Chief Business & Strategy Officer
- Mr. Govind Ghimire Chief Business Officer
- Mr. Navin Manandhar Chief Risk Officer
- Mr. Pramod Dahal Chief Operating Officer
- Mr. Roshan Regmi Head Retail Banking
- Mr. Shreejesh Ghimire Chief Investment Officer
- Mr. Binay Dahal Head Business & Planning (Province)

d) Transaction with Subsidiaries

Amount in Thousand

S No	Particulars	NMB Capital	NMB Laghubitta Bittiya Sanstha
1	Investment by NMB Bank Ltd.	200,000	172,488
2	Deposits in NMB Bank Ltd.	299,304	7,316
3	Borrowing from NMB Bank Ltd.	-	1,000,000
4	Interest Payment by NMB Bank Ltd.	7,413	-
5	Interest Payment to NMB Bank Ltd.	-	56,275
6	Rent Payment to NMB Bank Ltd.	2,586	-
7	Management Fee Payment to NMB Bank	2,400	-
8	Share Registrar Fee payment by NMB Bank	1,000	-
9	Debenture Trustee Fee payment by NMB Bank	100	-
10	Dividend Distribution Fee	1,450	-
11	Dividend Distribution of NMB Hybrid Fund L - 1 to NMB Bank	12,210	-
12	Dividend Distribution of NMB 50 to NMB Bank	8,851	-
13	Dividend Distribution by NMB Capital to NMB Bank	40,000	-

The intra-group related figures have been excluded for presentation of the financial statement of the Group.

Basel Disclosures

Financial Year 16 July 2020 to 15 July 2021 (1 Shrawan 2077 to 31 Asar 2078)

1. Capital Management

The bank assesses the impact of the new rules, if any on their capital adequacy through a comprehensive capital planning and optimisation/mitigation process. The capital planning is an integral part of the Bank's medium term strategic planning and annual budget formulation process. Total risk weighted exposures for the projected level of business operations is calculated, the required capital level is projected, and a plan is formulated to maintain the required capital.

The bank has not raised any capital through hybrid capital instruments till Asar End 2078.

Amounts in NPR thousand

2. Capital Structure and Capital Adequacy:

2.1. Tier 1 Capital and a breakdown of its Components:

S.No.	Details	Amount
1.	Paid up Equity Share Capital	16,325,961
2.	Share Premium	87,665
3.	Proposed Bonus Equity Shares	-
4.	Statutory General Reserves	3,647,758
5.	Retained Earnings	2,515,343
6.	Debenture Redemption Reserve and Deferred Tax Reserve	-
7.	Capital Adjustment Reserve	57,326
8.	Deferred Tax Assets	-
9.	Debenture Redemption Reserve	23,396
10.	Less: Investment in equity of institutions with financial interest	(210,000)
11.	Less: Intangible Assets	(115,371)
12.	Less: Purchase of land & building in excess of limit and unutilized	(14,173)
Total Core Capital		22,317,905

2.2. Tier 2 Capital and a breakdown of its Components:

S.No	Details	Amount
1.	Subordinated Term Debt	5,184,510
2.	General Loan Loss Provision	1,832,768
3.	Exchange Equalization Reserve	125,183
4.	Investment Adjustment Reserve	-
5.	Other Reserve	10,000
Total Supplementary Capital		7,152,461

2.3. Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, and amount rose during the year and amount eligible to be reckoned as capital funds.

The Bank had also issued 10% NMB Debenture 2085" of NPR. 1,684,505,000 on 29 Chaitra 2075 with maturity on 29 Chaitra 2085, "NMB Rinptra 8.5% 2087/88" of NPR. 2,000,000,000 on 11 Jestha 2078 with maturity on 11 Jestha 2088 and "NMB Urja Rinptra (Energy Bond) 4% 2092/93" of NPR. 1,500,000,000 on 20 Jestha 2078 with maturity on 20 Jestha 2093.

To reflect the diminishing value of these instruments as a continuing source of strength, a cumulative discount (amortization) factor of 20% per annum will be applied for capital adequacy computations, during the last 5 years to maturity.

The amortized cost of debenture as on fiscal year end is NPR 5,293,994,350

The "7% NMB Debenture 2077" amounting to NPR 500 Million has matured in the fiscal year.

2.4. Deductions from Capital

Investment in equity shares of fully owned subsidiary company NMB Capital Ltd amounting to NPR 200,000,000 and CEDB Hydro Fund amounting to NPR 10,000,000 has been deducted from Tier 1 Capital.

Similarly, the amount of deferred tax reserve has been separately credited to Regulatory reserve, which is not considered for the purpose of capital ratios.

Intangible asset has also been deducted as per NRB Directive by NPR 115,371,293. The Purchase of land and building in excess of limit and unutilized amounting to NPR 14,172,950 is also deducted from Capital.

2.5. Total Qualifying Capital

S.No	Details	Amount
1.	Core Capital (Tier 1)	22,317,905
2.	Supplementary Capital (Tier 2)	7,152,461
	Total Capital Fund	29,470,366

2.6. Capital Adequacy Ratio

S.No	Details	Percentage
1.	Tier 1 Capital to Total Risk Weighted Exposure	11.42%
2.	Tier 1 and Tier 2 Capital to Total Risk Weighted Exposure	15.08%

2.7. Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.

The capital instruments of the Bank include fully paid up Equity Shares and Debenture. Both are non-convertible. The main features of Debenture have been mentioned under S.No 2.3 above.

3. Risk Exposures

3.1. Risk Weighted Exposures for Credit Risk, Market Risk and Operational Risk

S.No	Risk Weighted Exposure	Amount
a.	Risk Weighted Exposure for Credit Risk	177,479,698
b.	Risk Weighted Exposure for Operational Risk	8,731,236
c.	Risk Weighted Exposure for Market Risk	3,421,912
	Total Risk Weighted Exposures (a+b+c)	189,632,846
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,036,878
	Add : 2% of the total RWE due to Supervisory add up	3,792,657
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	195,462,381

3.2. Risk Weighted Exposures under each of categories of Credit Risk

S.No	Particulars	Amount
1.	Claims on government and Central Bank	NIL
2.	Claims on other Official Entities	NIL
3.	Claims on Bank	1,169,365
4.	Claims on Domestic Corporate and Securities Firms	102,711,903
5.	Claims on Foreign Corporate	1,295,715
6.	Claims on Regulatory Retail Portfolio	14,073,448
7.	Claims fulfilling all criterion of regulatory retail except granularity	NIL
8.	Claims secured by Residential Properties (including staff)	10,110,326
9.	Claims not fully secured by residential properties	NIL
10.	Claims secured by Residential Properties (Overdue)	684,425
11.	Claims secured by Commercial Real Estate	1,704,978
12.	Past Due Claims	4,588,530
13.	High Risk Claims	11,472,726

S.No	Particulars	Amount
14.	Lending against securities (bonds & shares)	3,894,926
15.	Investments	1,546,752
16.	Other Assets	4,673,450
17.	Off Balance sheet items	19,553,154
	Total	177,479,698

3.3. Total Risk Weighted Exposure calculation table

S.No	Particulars	Amount
a.	Risk Weighted Exposure for Credit Risk	177,479,698
b.	Risk Weighted Exposure for Operational Risk	8,731,236
c.	Risk Weighted Exposure for Market Risk	3,421,912
1.	Total Risk Weighted Exposure	189,632,846
	Add: RWE equivalent to reciprocal of capital charge of 3 % of gross income.	2,036,878
	Add : 2% of the total RWE due to Supervisory add up	3,792,657
	Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	195,462,381
2.	Total Core Capital Fund (Tier 1)	22,317,905
3.	Total Capital Fund (Tier 1 & Tier 2)	29,470,366
4.	Total Core Capital to Total Risk Weighted Exposures (%)	11.42%
5.	Total Capital to Total Risk Weighted Exposures (%)	15.08%

3.4. Amount of Non-Performing Assets (NPAs)

S.No	Category	Gross	Provision	Net
1.	Restructured/Rescheduled	54,526	6,816	47,710
2.	Substandard	1,286,883	321,721	965,162
3.	Doubtful	1,107,305	553,653	553,652
4.	Loss	1,145,297	1,145,297	-
	Total	3,594,011	2,027,487	1,566,524

The bank has merged with Kanchan Development Bank and started joint operation from 23 August 2020.

3.5. NPA Ratio

Gross NPA to Gross Advances: 2.27%

Net NPA to Net Advances: 1.02%

3.6. Movement of Non-Performing Assets

S.No	Particulars	Asar End 2077	Ashadh End 2078	Movement
1.	Restructure/Reschedule Loan	107,169	54,526	52,643
2.	Substandard	785,222	1,286,883	(501,661)
3.	Doubtful	1,534,725	1,107,305	427,420
4.	Loss	842,366	1,145,297	(302,931)
	Total Non-Performing Loan	3,269,482	3,594,011	(324,529)

The bank has merged with Kanchan Development Bank and started joint operation from 23 August 2020.

3.7. Movement of Loan Loss Provision & Interest Suspense on loans & advances

S.No	Category	Asar End 2077	Ashadh End 2078	Movement
1.	Pass	1,742,881	1,940,852	197,971
2.	Watch List	521,392	799,878	278,486
3.	Restructured	35,088	6,816	(28,272)
4.	Substandard	196,213	318,577	122,364
5.	Doubtful	766,790	549,642	(217,148)
6.	Loss	842,367	1,124,208	281,841
Total Loan Provision		4,104,731	4,739,972	635,241
Accrued Interest Receivable (including staff)		1,846,318	1,376,257	(470,061)

*The accumulated loan loss provision carried forward after merger with E-KADBL as on merger date is 252.83 Mio.

After change of Core Banking System, the interest on majority of risk assets portfolio are due as per English Calendar due to which approximately a fortnight's interest income are not realized as of fiscal year end 2078.

As per NRB Interest Income Recognition Guideline, the interest amount of NPR. 130.9 Mio. has been reversed and credited to Interest Suspense during the reporting period.

3.8. Details of Additional Loan Loss Provision

S.No	Category	Asar End 2078
1.	Pass	108,084
2.	Watch List	126,489
3.	Restructured	-
4.	Substandard	(3,144)
5.	Doubtful	(4,011)
6.	Loss	(21,089)
Total Additional Loan Loss Provision		206,330

3.9. Eligible Credit Risk Mitigants (CRM) availed

As per the provisions of the New Capital Adequacy Framework, the bank has claimed all the eligible credit risk Mitigants of NPR 10,967,991 thousands for Balance Sheet and Off Balance Sheet exposures and availed benefit thereof.

4. Compliance with external requirement

The bank is subject to compliance requirement under NRB Directive No.1/077 which has stipulated a minimum Total Capital Adequacy Ratio (CAR) of 11.00%. The Bank complied with this requirement at all times during the reporting period. The compliance position at the reporting date is given below:

Capital Parameter	Requirement	NMB Bank
Minimum Common Equity Capital Ratio	4.50%	8.92%
Capital Conversation Buffer	2.50%	2.50%
Minimum common equity plus capital conservation buffer	7.00%	11.42%
Minimum Tier 1 Capital (Excluding conservation buffer)	6.00%	11.42%
Minimum Total Capital (Excluding conservation buffer)	9.00%	11.42%
Minimum Total Capital (including conservation buffer)	11.00%	15.08%
Leverage Ratio	4.00%	7.58%

5. Summary of the Bank's internal approach to assess the adequacy of its capital to support current and future activities

The bank follows Internal Capital Adequacy Assessment Process (ICAAP) and Risk Management Guideline while taking decision on any business. It has always taken note of ICAAP and has taken steps accordingly in ensuring soundness of capital position and sustainability of the business.

Risk management is essential for well-being of the overall banking business. Credit, Market and Operational Risk are managed independently at NMB Bank. Credit Risk Department reviews risk related to credit prior to disbursement of all loans, it is independent of a loan approver. Credit Risk Management Committee meets once a month to review credit portfolio risk. Market risk is closely monitored all time and managed through ALCO. Operational Risk Committee which meets once each month is a platform to assess/monitor operational risk identified vides various units, branches. Effective implementation of process/controls is periodically reviewed by an Operational Risk Unit. Operational Risk Unit also carries out assurance reviews of the units to evaluate control weakness, recommends robust controls around the risk areas and monitors execution of control in an ongoing basis.

Audit Committee is formed as per the 'Terms of Reference' prescribed by NRB with 3 members. Coordinator of the committee is one of the Non-Executive Directors with Head Internal Audit as its secretary. The committee reviews internal/external/NRB audit reports, recommends stringent control process and escalates the audit observations to the Board. The Committee also reviews quarterly unaudited financial reports of the Bank with recommendation to the Board. The committee selects and recommends External Auditor to the Board based on financial and technical evaluations. Audit Committee is committed towards maintaining robust control system hence monitors closure of risk issues raised by Internal/External/NRB auditors.

Risk Management Committee with view of ensuring better risk management in the bank and in line of NRB's requirement is formed with 5 members chaired by Non-Executive Director, Coordinator of Audit Committee, Head Operation, Head Credit Risk and Head Compliance, & Operational Risk are the members of the committee. The committee reviews high risk issues escalated by operational and credit risk committees (management level), deliberates on the risks and recommends to the Board if required. Stress testing/ Capital adequacy is also reviewed at the committee with recommendation to the Board. Revised/new NRB directives, Monetary Policy with material impact on the Bank are also reviewed for its implications.

Corporate Social Responsibility (CSR)

The details of CSR done sectorwise is given below:

Particulars	FY 2076/77	FY 2077/78
I. Education	1,337,122	593,014
II. Health	25,222,661	24,418,614
III. Disaster management	52,760	765,134
IV. Environmental protection	4,270,350	-
V. Income Generation	1,356,991	-
VI. Infrastructure	2,566,888	-
VII. Financial Literacy	2,055,345	450,000
VIII. Customer protection	-	150,000
IX. Sustainable Development Goals	5,624,870	200,000
X. Open Your Bank Account	238,673	51,514
Total	42,725,660	26,628,276

The details of CSR done provincewise is given below:

Particulars	2076/77	2077/78
Province 1	4,343,001	2,414,161
Province 2	991,571	659,580
Bagmati	32,098,939	19,269,298
Gandaki	1,061,391	1,175,153
Lumbini	2,960,859	2,306,352
Karnali	516,087	153,221
Sudurpashchim	753,811	650,510
Total	42,725,660	26,628,276

Latest Debenture Issue - Projected vs Actual of Statement of Profit or Loss

NPR in thousand

Particulars	Projected FY 2020-21	Actual FY 2020-21	Variance (%) FY 2020-21	Reasons for Variance (for more than 20% only)
Interest income	14,868,991	13,983,694	-6%	
Interest expense	9,411,122	8,323,034	-13%	
Net interest income	5,457,869	5,660,659	4%	
Fee and commission income	1,425,026	1,177,642	-21%	Mainly due to booking of lesser Fee Income from Risk Assets
Fee and commission expense	102,000	138,025	26%	Mainly due to increase in depositors activities, this is increased.
Net fee and commission income	1,323,026	1,039,617	-27%	
Net interest, fee and commission income	6,780,894	6,700,276	-1%	
Net trading income	503,236	364,108	-38%	Due to lesser volume in Forward Contracts
Other operating income	343,908	351,974	2%	
Total operating income	7,628,038	7,416,358	-3%	
Impairment charge/(reversal) for loans and other losses	(352,920)	382,410	192%	Impairment charge on loan has increased due to additional provision on performing loan by NRB and COVID Impact
Net operating income	7,980,959	7,033,948	-13%	
Operating expense				
Personnel expenses	2,069,753	2,089,704	1%	
Other operating expenses	917,548	853,749	-7%	
Depreciation & Amortisation	269,875	269,478	-0%	
Operating Profit	4,723,781	3,821,017	-24%	
Non operating income	9,000	39,072	77%	Due to recovery
Non operating expense	55,000	15,213	-262%	No Additional Loan Written off
Profit before income tax	4,677,781	3,844,876	-22%	
Income tax expense				
Current Tax	1,403,334	1,185,623	-18%	
Deferred Tax expense/(Income)	(29,833)	(51,821)	42%	Due to increase in Deferred Tax Assets
Profit for the period	3,304,280	2,711,074	-22%	Due to above reasons

Latest Debenture Issue - Projected vs Actual of Statement of Financial Position

NPR in thousand

Particulars	Projected FY 2020-21	Actual FY 2020-21	Variance (%) FY 2020-21	Reasons for Variance (for more than 20% only)
Cash and cash equivalent	13,030,142	13,887,371	6%	
Due from Nepal Rastra Bank	14,346,089	19,218,506	25%	Due to increase in Balance of NRB and Li.Ka Deposit
Placement with Bank and Financial Institutions	3,792,889	2,717,149	-40%	Decrease in Foreign Placement
Derivative financial instruments	14,494,284	17,161,392	16%	
Other trading assets	337,616	2,660	-12592%	As a Market Maker, bond has been traded
Loan and advances to B/FIs	5,734,519	5,194,471	-10%	
Loans and advances to customers	145,671,814	151,014,124	4%	
Investment securities	14,986,918	17,453,563	14%	
Current tax assets	100,000	92,746	-8%	
Investment in subsidiaries	372,488	372,488	-0%	
Investment in associates	-	-		
Investment property	111,420	97,942	-14%	
Property and equipment	1,692,257	1,741,915	3%	
Goodwill and Intangible assets	124,669	112,541	-11%	
Deferred tax assets	269,833	249,010	-8%	
Other assets	1,464,117	2,230,983	34%	Reclassification of Other Assets and Other Liabilities
Total Assets	216,529,053	231,546,858	6%	
Liabilities				
Due to Bank and Financial Institutions	7,559,475	1,964,516	-285%	Decrease in BFI's Call Deposit
Due to Nepal Rastra Bank	6,152,006	7,597,982	19%	
Derivative financial instruments	14,204,399	17,127,036	17%	
Deposits from customers	151,861,397	164,489,286	8%	
Borrowing	3,640,446	7,443,810	51%	Granting of Offshore borrowing process is ongoing
Current Tax Liabilities	-	-		
Provisions	-	-		
Deferred tax liabilities	-	-		
Other liabilities	3,562,125	3,686,460	3%	
Debt securities issued	5,184,505	5,293,994	2%	
Subordinated Liabilities	-	-		
Total liabilities	192,164,353	207,603,084	7%	
Equity				
Share capital	16,325,961	16,325,961	-0%	
Share premium	-	-		
Retained earnings	3,209,092	2,515,343	-28%	Mainly Due to Change in Profit
Reserves	4,829,648	5,102,470	5%	
Total equity attributable to equity holders	24,364,701	23,943,774	-2%	
Non-controlling interest	-	-		
Total equity	24,364,701	23,943,774	-2%	
Total liabilities and equity	216,529,053	231,546,858	6%	

Horizontal Analysis

Statement of Financial Position

Amount in Rs.

Particulars	15-Jul-21 (Ashadh 31, 2078)	2020 Vs 2021	15-Jul-20 (Ashadh 31, 2077)	2019 Vs 2020	16-Jul-19 (Ashad 31, 2076)
ASSETS					
Cash and cash equivalent	13,887,370,526	25%	11,098,349,234	37%	8,096,354,503
Due from Nepal Rastra Bank	19,218,505,528	26%	15,249,998,507	41%	10,829,181,584
Placement with Bank and Financial Institutions	2,717,148,715	-18%	3,304,233,792	52%	2,172,967,239
Derivative financial instruments	17,161,392,134	70%	10,066,295,972	17%	8,595,482,282
Other trading assets	2,660,000	-99%	266,890,000	-22%	340,390,000
Loan and advances to B/FIs	5,194,470,677	11%	4,665,864,579	41%	3,317,961,987
Loans and advances to customers	151,014,123,921	31%	115,668,472,666	31%	88,485,031,394
Investment securities	17,453,562,933	16%	14,998,756,047	45%	10,316,351,016
Current tax assets	92,745,534	51%	61,460,881		-
Investment in subsidiaries	372,487,600	0%	372,487,600	50%	248,552,000
Investment in associates	-		-		-
Investment property	97,942,260	23%	79,648,242	-23%	102,915,862
Property and equipment	1,741,914,965	-1%	1,755,794,235	11%	1,577,898,704
Goodwill and Intangible assets	112,540,746	-11%	125,848,936	9%	115,408,800
Deferred tax assets	249,009,565	-6%	264,421,080	278%	70,040,593
Other assets	2,230,983,328	51%	1,473,393,132	23%	1,201,873,611
Total Assets	231,546,858,432	29%	179,451,914,903	32%	135,470,409,573
LIABILITIES					
Due to Bank and Financial Institutions	1,964,515,728	-38%	3,150,014,840	68%	1,875,151,251
Due to Nepal Rastra Bank	7,597,982,045	57%	4,832,501,544	51%	3,203,523,072
Derivative financial instruments	17,127,036,376	71%	10,008,212,670	18%	8,458,374,429
Deposits from customers	164,489,285,837	25%	131,660,368,354	36%	96,641,515,712
Borrowing	7,443,810,000	118%	3,416,310,000	-1%	3,468,060,000
Current Tax Liabilities	-		-		35,578,570
Provisions	-		-		-
Deferred tax liabilities	-		-		-
Other liabilities	3,686,459,641	16%	3,169,287,821	48%	2,145,955,868
Debt securities issued	5,293,994,350	132%	2,279,834,432	2%	2,239,236,412
Subordinated Liabilities					-
Total Liabilities	207,603,083,977	31%	158,516,529,660	34%	118,067,395,314
EQUITY					
Share capital	16,325,960,853	17%	13,950,987,467	45%	9,618,162,652
Share premium	-		120,167,470	-95%	2,512,798,517
Retained earnings	2,515,343,348	45%	1,737,219,751	-2%	1,780,326,613
Reserves	5,102,470,254	-0%	5,127,010,555	47%	3,491,726,477
Total equity attributable to equity holders	23,943,774,455	14%	20,935,385,243	20%	17,403,014,259
Non-controlling interest					-
Total equity	23,943,774,455	14%	20,935,385,243	20%	17,403,014,259
Total liabilities and equity	231,546,858,432	29%	179,451,914,903	32%	135,470,409,573

Horizontal Analysis

Statement of Profit or Loss

Particulars	15-Jul-21 (Ashadh 31, 2078)	2020 Vs 2021	15-Jul-20 (Ashadh 31, 2077)	2019 Vs 2020	16-Jul-19 (Ashad 31, 2076)
Interest income	13,983,693,533	-3%	14,442,972,567	30%	11,082,059,031
Interest expense	8,323,034,232	-7%	8,946,752,652	31%	6,838,038,085
Net interest income	5,660,659,301	3%	5,496,219,915	30%	4,244,020,946
Fee and commission income	1,177,641,945	29%	914,369,723	-9%	1,003,530,866
Fee and commission expense	138,024,766	28%	107,917,283	15%	93,955,270
Net fee and commission income	1,039,617,179	29%	806,452,440	-11%	909,575,596
Net interest, fee and commission income	6,700,276,480	6%	6,302,672,355	22%	5,153,596,542
Net trading income	364,108,314	-5%	384,157,101	9%	352,049,490
Other operating income	351,973,665	63%	215,364,793	2%	210,373,919
Total operating income	7,416,358,459	7%	6,902,194,249	21%	5,716,019,951
Impairment charge/(reversal) for loans and other losses	382,410,393	-76%	1,627,165,235	879%	166,272,634
Net operating income	7,033,948,066	33%	5,275,029,014	-5%	5,549,747,317
Operating expense					
Personnel expenses	2,089,704,278	27%	1,647,497,921	16%	1,415,793,493
Other operating expenses	853,748,763	-9%	935,573,915	32%	708,661,406
Depreciation & Amortisation	269,478,145	12%	241,683,371	37%	176,793,355
Operating Profit	3,821,016,879	56%	2,450,273,807	-25%	3,248,499,062
Non operating income	39,071,786	111%	18,512,709	8%	17,090,672
Non operating expense	15,212,626	-55%	33,981,887	93%	17,585,901
Profit before income tax	3,844,876,039	58%	2,434,804,629	-25%	3,248,003,833
Income tax expense					
Current Tax	1,185,623,109	63%	725,589,473	-27%	994,167,044
Deferred Tax expense/(Income)	(51,820,778)	1355%	(3,561,365)	4%	(3,439,237)
Profit for the period	2,711,073,708	58%	1,712,776,521	-24%	2,257,276,026

Vertical Analysis

Statement of Financial Position

Particulars	15-Jul-21		15-Jul-20		16-Jul-19	
	(Ashadh 31, 2078)	%	(Ashadh 31, 2077)	%	(Ashadh 32, 2076)	%
ASSETS						
Cash and cash equivalent	13,887,370,526	6%	11,098,349,234	6%	8,096,354,503	6%
Due from Nepal Rastra Bank	19,218,505,528	8%	15,249,998,507	8%	10,829,181,584	8%
Placement with Bank and Financial Institutions	2,717,148,715	1%	3,304,233,792	2%	2,172,967,239	2%
Derivative financial instruments	17,161,392,134	7%	10,066,295,972	6%	8,595,482,282	6%
Other trading assets	2,660,000	0%	266,890,000	0%	340,390,000	0%
Loan and advances to B/FIs	5,194,470,677	2%	4,665,864,579	3%	3,317,961,987	2%
Loans and advances to customers	151,014,123,921	65%	115,668,472,666	64%	88,485,031,394	65%
Investment securities	17,453,562,933	8%	14,998,756,047	8%	10,316,351,016	8%
Current tax assets	92,745,534	0%	61,460,881	0%	-	0%
Investment in subsidiaries	372,487,600	0%	372,487,600	0%	248,552,000	0%
Investment in associates	-	0%	-	0%	-	0%
Investment property	97,942,260	0%	79,648,242	0%	102,915,862	0%
Property and equipment	1,741,914,965	1%	1,755,794,235	1%	1,577,898,704	1%
Goodwill and Intangible assets	112,540,746	0%	125,848,936	0%	115,408,800	0%
Deferred tax assets	249,009,565	0%	264,421,080	0%	70,040,593	0%
Other assets	2,230,983,328	1%	1,473,393,132	1%	1,201,873,611	1%
Total Assets	231,546,858,432	100%	179,451,914,903	100%	135,470,409,573	100%
LIABILITIES						
Due to Bank and Financial Institutions	1,964,515,728	1%	3,150,014,840	2%	1,875,151,251	1%
Due to Nepal Rastra Bank	7,597,982,045	3%	4,832,501,544	3%	3,203,523,072	2%
Derivative financial instruments	17,127,036,376	7%	10,008,212,670	6%	8,458,374,429	6%
Deposits from customers	164,489,285,837	71%	131,660,368,354	73%	96,641,515,712	71%
Borrowing	7,443,810,000	3%	3,416,310,000	2%	3,468,060,000	3%
Current Tax Liabilities	-	0%	-	0%	35,578,570	0%
Provisions	-	0%	-	0%	-	0%
Deferred tax liabilities	-	0%	-	0%	-	0%
Other liabilities	3,686,459,641	2%	3,169,287,821	2%	2,145,955,868	2%
Debt securities issued	5,293,994,350	2%	2,279,834,432	1%	2,239,236,412	2%
Subordinated Liabilities						
Total Liabilities	207,603,083,977	90%	158,516,529,660	88%	118,067,395,314	87%
EQUITY						
Share capital	16,325,960,853	7%	13,950,987,467	8%	9,618,162,652	7%
Share premium	-	0%	120,167,470	0%	2,512,798,517	2%
Retained earnings	2,515,343,348	1%	1,737,219,751	1%	1,780,326,613	1%
Reserves	5,102,470,254	2%	5,127,010,555	3%	3,491,726,477	3%
Total equity attributable to equity holders	23,943,774,455	10%	20,935,385,243	12%	17,403,014,259	13%
Non-controlling interest					-	
Total equity	23,943,774,455	10%	20,935,385,243	12%	17,403,014,259	13%
Total liabilities and equity	231,546,858,432	100%	179,451,914,903	100%	135,470,409,573	100%

Vertical Analysis

Statement of Profit or Loss

Particulars	15-Jul-21		15-Jul-20		16-Jul-19	
	(Ashadh 31, 2078)	%	(Ashadh 31, 2077)	%	(Ashadh 32, 2076)	%
Interest income	13,983,693,533	100%	14,442,972,567	100%	11,082,059,031	100%
Interest expense	8,323,034,232	60%	8,946,752,652	62%	6,838,038,085	62%
Net interest income	5,660,659,301	40%	5,496,219,915	38%	4,244,020,946	38%
Fee and commission income	1,177,641,945	8%	914,369,723	6%	1,003,530,866	9%
Fee and commission expense	138,024,766	1%	107,917,283	1%	93,955,270	1%
Net fee and commission income	1,039,617,179	7%	806,452,440	6%	909,575,596	8%
Net interest, fee and commission income	6,700,276,480	48%	6,302,672,355	44%	5,153,596,542	47%
Net trading income	364,108,314	3%	384,157,101	3%	352,049,490	3%
Other operating income	351,973,665	3%	215,364,793	1%	210,373,919	2%
Total operating income	7,416,358,459	53%	6,902,194,249	48%	5,716,019,951	52%
Impairment charge/(reversal) for loans and other losses	382,410,393	3%	1,627,165,235	11%	166,272,634	2%
Net operating income	7,033,948,066	50%	5,275,029,014	37%	5,549,747,317	50%
Operating expense						
Personnel expenses	2,089,704,278	15%	1,647,497,921	11%	1,415,793,493	13%
Other operating expenses	853,748,763	6%	935,573,915	6%	708,661,406	6%
Depreciation & Amortisation	269,478,145	2%	241,683,371	2%	176,793,355	2%
Operating Profit	3,821,016,879	27%	2,450,273,807	17%	3,248,499,062	29%
Non operating income	39,071,786	0%	18,512,709	0%	17,090,672	0%
Non operating expense	15,212,626	0%	33,981,887	0%	17,585,901	0%
Profit before income tax	3,844,876,039	27%	2,434,804,629	17%	3,248,003,833	29%
Income tax expense						
Current Tax	1,185,623,109	8%	725,589,473	5%	994,167,044	9%
Deferred Tax expense/(Income)	(51,820,778)	-0%	(3,561,365)	-0%	(3,439,237)	-0%
Profit for the period	2,711,073,708	19%	1,712,776,521	12%	2,257,276,026	20%

Amendments to the MOA of the Bank presented as a special resolution in the 26th General Meeting dated 6 January 2022

Article/Section	Existing Arrangement	Proposed Arrangement	Justification to the Amendment
On the MOA Side			
6(b)	The issued capital of the Bank will be NPR 16,325,960,852.66 (in words: Sixteen Billion Three Hundred Twenty Five Million Nine Hundred Sixty Thousand Eight Hundred Fifty Two and 66/100 only). This capital is divided into 163,259,608.52 (in words: One Hundred Sixty Three Million Two Hundred Fifty Nine Thousand Six Hundred Eight and 52/100) units of shares with face value of NPR 100 per share.	The issued capital of the Bank will be NPR 18,366,705,959.24 (in words: Eighteen Billion Three Hundred Sixty Six Million Seven Hundred Five Thousand Nine Hundred Fifty Nine and 24/100 only). This capital is divided into 183,667,059.59 (in words: One Hundred Eighty Three Million Six Hundred Sixty Seven Thousand Fifty Nine and 59/100) units of shares with face value of NPR 100 per share.	As per the proposal made on 26th Annual General Meeting of the Bank to distribute 12.50% bonus share on existing paid-up capital
6(c)	The paid-up capital of the Bank will be NPR 16,325,960,852.66 (in words: Sixteen Billion Three Hundred Twenty Five Million Nine Hundred Sixty Thousand Eight Hundred Fifty Two and 66/100 only).	The paid-up capital of the Bank will be NPR 18,366,705,959.24 (in words: Eighteen Billion Three Hundred Sixty Six Million Seven Hundred Five Thousand Nine Hundred Fifty Nine and 24/100 only).	As per the proposal made on 26th Annual General Meeting of the Bank to distribute 12.50% bonus share on existing paid-up capital

Amendments to the AOA of the Bank presented as a special resolution in the 26th General Meeting dated 6 January 2022

Article/Section	Existing Arrangement	Proposed Arrangement	Justification to the Amendment
32-1-Kha-1	Kha-1. The two-way flight ticket or transportation expenses incurred for the Directors visiting in the meeting of Board Directors from other district of Nepal except for the district where the Bank has its registered office and Hotel and food expenses as per Article 32-1-c-i and ii will be reimbursed as per the actual bill for a maximum of three days. However, in case of the Director residing abroad, hotel and food expenses will be reimbursed as per the actual bill.	Kha-1. The two-way flight ticket or transportation expenses incurred by the Directors to attend the meeting of Board Directors shall be reimbursed as per the actual bill and hotel and daily travelling allowance as per Article 32-1-c-i and ii shall be reimbursed for a maximum of three days. However, in case of the Director residing abroad, hotel and food expenses will be reimbursed as per the actual bill.	linguistic improvement is needed



च.न.इ.ए.

नेपाल राष्ट्र बैंक बैंक सुपरिवेक्षण विभाग



दरबारमार्ग, काठमाडौं ।
फोन नं.: ४४१९८०५, ७
फ्याक्स नं.: ४४१०१५९
Site: www.nrb.org.np
Email: bsd@nrb.org.np
पोष्ट बक्स: ७३

प.सं.बै.सु.वि./अफसाइट/एजिएम/१६/२०७८-७९

मिति: २०७८/०८/०९

एनएमबि बैंक लिमिटेड
बबरमहल, काठमाडौं ।

विषय: लाभांश घोषणा/वितरण तथा वित्तीय विवरण प्रकाशन सम्बन्धमा ।

महाशय,

त्यस बैंकबाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०७३ को दफा ४७ को उपदफा (२) का प्रावधानहरु पालना गरेको देखिएको हुँदा, उक्त ऐनको उपदफा (१) बमोजिम त्यस बैंकले प्रस्ताव गरे बमोजिम रु.२,०४,०७,४५,१०६.५८ बराबरको बोनस शेयर तथा रु.५३,८७,५६,७०८.१४ नगद लाभांश (लाभांशमा लाग्ने करसमेत) समेत कुल रु.२,५७,९५,०१,८१४.७२ (अक्षरेपी दुई अर्ब सन्ताउन्न करोड पन्चानव्वे लाख एक हजार आठ सय चौध र बहत्तर पैसा मात्र) अन्य प्रचलित कानूनी व्यवस्थाको समेत पालना गर्ने गरी वार्षिक साधारण सभाबाट पारित भएको अवस्थामा मात्र शेयरधनीहरुलाई वितरण गर्न स्वीकृति प्रदान गरिएको तथा आ.व. २०७७/७८ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशनहरु सहित सार्वजनिक गर्न सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार जानकारी गराउँदछु ।

- लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएका सम्पूर्ण कैफियतहरु पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरित नदिने आवश्यक व्यवस्था मिलाउनु ।
- यस बैंकबाट जारी गरिएको निर्देशन नं. १० को बुँदा नं. ७ बमोजिम इजाजतपत्रप्राप्त कुनै एक बैंक तथा वित्तीय संस्थाको संस्थापक शेयरमा लगानी गर्दा चुक्ता पूँजीको बढीमा १५ प्रतिशत र अन्य बैंक तथा वित्तीय संस्थाहरुमा चुक्ता पूँजीको बढीमा १ प्रतिशतसम्म मात्र लगानी गर्न सकिने व्यवस्था रहेकोले उल्लिखित सीमाभन्दा बढी शेयर धारण गर्ने संस्थापक शेयरधनीहरुलाई सो सीमाभित्र नल्याएसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनु हुन ।
- बैंक तथा वित्तीय संस्था सम्बन्धी ऐन २०७३ को दफा ११ को उपदफा ३ मा बैंकको चुक्ता पूँजीको २ प्रतिशतभन्दा बढी शेयर धारण गरेका संस्थापकहरुले आफुले धारण गरेको शेयर विक्री तथा धितो बन्धक राख्दा नेपाल राष्ट्र बैंकको स्वीकृति लिनु पर्ने व्यवस्था रहेकोले नेपाल राष्ट्र बैंकको स्वीकृति नलिई आफुले धारण गरेको शेयर धितो बन्धक राखी अन्य बैंक तथा वित्तीय संस्थाबाट कर्जा उपयोग गरेका संस्थापक शेयरधनीहरु रहेमा ती संस्थापक शेयरधनीहरुलाई सोको स्वीकृति नलिएसम्म वा शेयर धितो बन्धक राखी उपयोग गरेको कर्जा पूर्ण रुपमा चुक्ता गरी शेयर फुकुवा नगरेसम्म प्रस्तावित नगद लाभांश तथा बोनस शेयर वितरण रोक्का राख्ने व्यवस्था मिलाउनु हुन ।
- उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नुहुन ।

भवदीय,

(अनिल कुमार भा.)
सहायक निर्देशक

बोधार्थ

- नेपाल राष्ट्र बैंक, बैंक तथा वित्तीय संस्था नियमन विभाग ।
- बैंक सुपरिवेक्षण विभाग, प्रतिवेदन कार्यान्वयन इकाई, एनएमबि बैंक लिमिटेड ।

**Reply to the Instructions Received by NMB Bank from
Nepal Rastra Bank Regarding the Dividend Declaration/Distribution
and Publication of Financial Statements of Fiscal Year 2020/21**

1. All the remarks mentioned in the audit report have been rectified by giving priority and arrangements shall be made to prevent the recurrence of such incidents
2. Distribution of cash dividend and bonus shares of the promoter shareholders who are not within the prescribed limit as per NRB Directive 10(1) shall be blocked
3. Pursuant to Section 11 subsection 3 of Banks and Financial Institutions Act 2073 to obtain NRB's approval prior to selling or pledging the promoter shares by promoter shareholders holding more than 2 percent of the Bank's paid-up capital, the Bank shall stop distribution of bonus shares and cash dividend to those who have pledged their promoter shares in other BFIs to obtain loan until the approval is obtained from NRB or the share collateral is freed from other BFIs after loan settlement

NOTE

NOTE

Management Committee



Sunil K.C.
Chief Executive Officer



Pradeep Pradhan
Chief Audit Executive



Sudesh Upadhyaya
Chief Business & Strategy Officer



Govind Ghimire
Chief Business Officer



Sharad Tegi Tuladhar
Chief Policy (Risk) and E&S



Shabnam Limbu Joshi
Chief Support Officer



Shreejesh Ghimire
Chief Investment Officer



Pramod Kumar Dahal
Chief Operating Officer &
Company Secretary



Navin Manandhar
Chief Risk Officer



Roshan Regmi
Head Retail Banking



Binay Dahal
Head Business & Planning (Province)

Total Branch Network - 201

Province 1

Dharan, Sunsari
Biratnagar, Morang
Birtamod, Jhapa
Urlabari, Morang
Belbari, Morang
Tarhara, Sunsari
Pathari, Morang
Dhungdhe, Jhapa
Lotang, Morang
Kerabari, Morang
Kanchanbari, Morang
Madhumaalla, Morang
Chandragadhi, Jhapa
Itahari, Sunsari
Kerkha, Morang
Fidim, Panchthar
Katari, Udayapur
Birendra Chowk, Taplejung
Salleri, Solukhumbu
Damak, Jhapa
Gaighat, Udayapur
Ilam Bazar, Ilam
Bhojpur Bazar, Bhojpur
Chulachuli, Ilam
Dhulabari, Jhapa
Ghotgaun, Morang
Mahendra Chowk, Biratnagar
Tanki Sunwari, Morang
Jhumka, Sunsari
Enaruwa, Sunsari

Province 2

Birgunj, Parsa
Janakpur, Dhanusa
Lahan, Siraha
Nijghadh, Bara
Golbazar, Siraha
Baribas, Mohattari
Batteshwor, Dhanusa
Surunga, Saptari
Sakhuwanakkarkatti, Siraha
Nawarajpur, Siraha
Aaurahi, Siraha
Bisrampur, Bara
Pachharauta, Bara
Mahottari, Mahottari
Sonama, Mahottari
Hanspur, Dhanusa
Tilathi Koeeladi, Saptari
Kalaiya, Bara
Malangawa, Sarlahi
Garuda, Rautahat
Jeetpur Simara, Bara
Mirchaiya, Siraha
Siraha, Siraha
Lalbandi, Sarlahi
Hariban, Sarlahi
Barhathawa, Sarlahi
Chandrapur, Rautahat

Bagmati

Babarmahal, Kathmandu
Banepa, Kavrepalanchowk
Putalisadak, Kathmandu
Lubhu, Lalitpur
Thaiba, Lalitpur
Thamel, Kathmandu
NewRoad, Kathmandu
Kumaripati, Kathmandu
Chabahil, Kathmandu
Thaiba, Lalitpur
Manthali, Ramechhap
Kantipath, Kathmandu
Buddhachow, Bharatpur, Chitwan
Dhunche, Rasuwa
Suryabinayak, Bhaktapur
Kalanki, Kathmandu
Basundhara, Kathmandu
Sitapaila, Kathmandu
Thapathali, Kathmandu
Naxal, Kathmandu
Teku, Kathmandu
Pulchowk, Lalitpur
Timure, Rasuwa
Hetauda, Makawanpur
Galchhi, Dhading
Tinkune, Kathmandu
Kapan, Kathmandu
Lions Chowk, Chitwan
Bharatpur, Chitwan
Bagdarbar, Kathmandu
Maharajgunj, Kathmandu
Golmadhi, Bhaktapur
Boudha, Kathmandu
Mainroad, Narayanghat, Chitwan
Parsa, Chitwan
Tandi, Chitwan
Chanauli, Chitwan
Gongabu, Kathmandu
Satdobato, Lalitpur
New Baneshwor, Kathmandu
Gwarko, Lalitpur
Balkhu, Lalitpur
Battar, Nuwakot
Ghattaghar, Bhaktapur
Budhanilkantha, Kathmandu
Naikap, Kathmandu
Nakkhu, Lalitpur
Balaju, Kathmandu
Furtichowk, Bharatpur, Chitwan
Bhandara, Chitwan
Khusinbu, Kathmandu

Gandaki

Pokhara, Kaski
Waling, Syangja
Burtiwang, Baglung
Beni, Myagdi
Kawasoti, Nawalpur
Sardibagaichha, Nawalpur
Chipledhunga, Pokhara
Bagar, Pokhara
Amarsingh, Pokhara
Hemja, Kaski
Bhimad Bazar, Tanahun
Bhoteodar, Lamjung
Safa Sadak, Damauli
Nagdanda, Kaski
Turture, Tanahun
Chame, Manang
Sisuwa, Kaski
Baglung Bazar, Baglung
Lamachour, Pokhara
Bandipur, Tanahun
Kusmisera, Baglung
Besisahar, Lamjung
Rambazar, Kaski
Bhairab Tole, Pokhara
Jomsom, Mustang
Galyang, Syangja
Lakeside, Pokhara
Leknath, Pokhara
Gorkha Bazar, Gorkha
Arughat, Gorkha
Dumre, Tanahun
Dulegaunda, Kaski
Abukhairani, Tanahun
Manakamana, Gorkha
Birauta, Kaski
Zero Kilometer, Kaski
Gaidakot, Nawalpur
Chauthe, Kaski

Lumbini

Butwal, Rupendehi
Nepalgunj, Banke
Traffic Chow, Butwal
Manigram, Rupendehi
Jitpur, Kapilbastu
Farsakittkar, Rupendehi
Sunawal, Nawalparasi
Murgiya, Rupendehi
Chandrauta, Kapilbastu
Thulipipal, Rupendehi
Chutrabesi Bazar, Aarghachanchi
Bhalbari, Rupendehi
Charnumber, Rupendehi
Gorusinghe, Kapilbastu
Aryabhanjyang, Palpa
Tamghas, Gulmi
Driver Tole, Rupendehi
Bangai, Kapilbastu
Bhairahawa, Rupendehi
Tansen, Palpa
Kohalpur, Banke
Tulsipur, Dang
Kudiya Trivenisusta, Nawalparasi
Mayadevi Pakadi, Kapilbastu
Lamahi, Dang
Bardaghat, Nawalparasi
Madichaur, Rolpa
Devinagar, Rupendehi
Ramgram, Nawalparasi
Taulihawa, Kapilbastu
Gorahi, Dang
Karkando, Nepalgunj, Banke

Karnali

Dailekh Bazar, Dailekh
Birendranagar, Surkhet
Naumule, Dailekh

Sudur Paschim

Dhangadhi, Kailali
Dipayal, Doti
Lamki, Kailali
Masuriya, Kailali
Mahendranagar, Kanchanpur
K.I. Singh, Doti
Beldandi, Kanchanpur
Aatariya, Kailali
Jhalari, Kanchanpur
Dhangadhi, Kailali
Punarbasa, Kanchanpur
Dadeldhura Bazar, Dadeldhura
Daiji, Kanchanpur
Belauri, Kanchanpur
Sukhad, Kailali
Bauniya, Kailali
Tikapur, Kailali
Gulariya, Kanchanpur
Fulbari, Kailali
Gothalpani, Baitadi



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